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— Buy United States War Bonds and Stamps —

# National Municipal Review

## Editorial Comment

### Pitfalls of Earmarking Public Funds

**T**HE practice of permanently earmarking public revenues for specific purposes has become dangerous to the very democracy we are striving so hard to defend. It is the ready tool by which self-serving pressure groups and special privilege deceive the people into bartering away their control of public business.

In Yonkers, New York, the city policemen have circulated petitions to freeze into the city charter a minimum wage provision for themselves.

In Maine the people will vote September 11 on a proposed constitutional amendment prohibiting the use of automobile license fees and gasoline taxes for anything but highway purposes.

Propositions like these do not belong in the fundamental law of a city or a state. Orderly government and general public interest demand that they be matters for determination from year to year by city council and state legislature. Chaos, confusion and the destruction of sound budget procedures will result if unthinking voters continue to permit selfish groups to put over this sort of jobbery.

Just why policemen deserve more consideration than street cleaners, teachers, clerical workers, water department or other public employees is a mystery. If it is right for them to undermine a good charter in this manner, what, other than a finer civic spirit or numerical weakness, is

to prevent other groups from doing the same thing, thus pulling the house down around the ears of everyone?

Maine, if it lets its "road crowd" get away with its plan, will be travelling the dangerous path followed by some other states which have already made unhappy records that ought to stand as a grim warning. A study of Colorado finance, for example, revealed that by 1937 there were 231 special earmarked funds which gobbled up 90.4 per cent of state revenue each year, leaving less than 10 per cent in the general fund. By the time salaries and ordinary administrative expenses were paid there was precious little reason for the legislature to meet at all or, for that matter, for the people to go to the expense and bother of electing a legislature. The people had already been duped into doing most of the legislating for all time to come or until the whole botched up constitution might some day be tossed into the ash can where it belongs.

A state constitution or a city charter should be short and simple. It should deal in broad principles, not details of administration, taxation and budget-making.

An electorate which votes as the policemen of Yonkers and the "road crowd" of Maine want them to vote is afraid to trust its elected representatives or has no faith in its own ability to elect people who are intelligent and trustworthy. To clutter up a constitution or charter with



minutia presumably designed to safeguard against unscrupulous or inefficient politicians is a confession of weakness and an unwise procedure which inevitably ties up financial affairs and makes it impossible for a legislature to enact either good laws or bad.

No one knows what the future will bring. It is impossible to foretell whether a specific wage frozen into a city charter will be too much or too little under economic conditions ten

or twenty years hence. It is equally impossible to know how much ought to be spent on roads.

City councils and state legislatures should not be deprived of their responsibilities. They should be given more so as to make it plain to the voters that they must choose their representatives carefully. Such responsibility will help restore to our legislative bodies the prestige they must have for the successful operation of a true self-governing system.

## P. R. in Cincinnati

THE stimulating story of what one city has been able to accomplish through a revival of wholesome civic spirit and the adoption of modern methods is told in this issue in a condensation of a report on the experience of Cincinnati from 1924 to 1944.

It might reasonably be assumed that the people of a city which has come so far from the depths of crooked, plundering politics would be quick to recognize the basic reasons for this remarkable progress. But, curiously enough, some of the newspapers in Cincinnati overlooked the most significant findings of the appraisal. In the council-manager form

of government, which Cincinnati adopted in its great reform movement of two decades ago, the city council is the key to the situation. The gains Cincinnati has made were clearly dependent upon the high type of councilmen the people have elected by proportional representation.

After analyzing the results of typical elections in Cincinnati, the authorities who made the study concluded that "No one can object to these results unless he believes that the majority party is entitled to a clean sweep. P. R. has thus fulfilled the purpose for which it was adopted."

## Local Affairs Abroad

IN THIS issue the REVIEW restores to its pages a department, "Local Affairs Abroad." The great similarity of the problems of people, no matter where they live or what their basic system of government, provides a rich opportunity for all to learn from the experience of others. Equally important is the unprecedented

widespread interest in achieving fundamental progress during the period after the war when nations which have been laid waste or had their systems deeply jarred will find it easy to face the future with relatively open minds. The new department is edited by Edward W. Weidner, a member of the staff of the National Municipal League.

# 20 Years Forward in Cincinnati

*Authoritative evaluation reveals Ohio metropolis has benefited vastly from "revolution" against politics-ridden machine; finds civic parsimony chief weakness.*

By THOMAS H. REED and DORIS D. REED

EDITOR'S NOTE.—This article is a condensation of a study made for the Consultant Service of the National Municipal League by Thomas H. Reed and Doris D. Reed and sponsored by The Stephen H. Wilder Foundation. The Wilder Foundation was established in 1941 under the will of Edith Carson Wilder, widow of Stephen H. Wilder, late of Cincinnati, for research in the field of public affairs affecting the Cincinnati metropolitan area, for university research in basic science, and for support of summer opera in Cincinnati.

**I**N 1924 Cincinnati was a sick city.

With the best government in the world it could not have given adequate municipal services on its 1924 operating income. The city was in the grip of the "Smith one per cent" law.<sup>1</sup> Real estate was assessed at 55 per cent of true value, and the low rate on the low valuation meant small returns. The people persistently refused to vote extra levies to be spent by a government they did not trust.

The city seemingly was doing its best to aggravate its illness. Since 1915 long-term bonds for current expenses had been an annual event. By 1924 the city had piled up a non-self-supporting debt of \$55,562,000—\$20,000,000 more than in any other city of less than 700,000. The city did not get its money's worth for what it spent. There was no intelligent over-all direction of its

affairs. Partisan politics were paramount.

The council of 32 members was capable only of blind obedience to the machine. The mayor was almost equally helpless. There were some competent and conscientious officials but they were thwarted at every turn by the fatal combination of poverty and politics. Civil service regulations were constantly evaded. Only inefficiency could be expected from the rank and file of city employees, underpaid, subject to political assessments, dependent for their jobs on political favor.

In 1924 Cincinnati's police department was inadequate, its fire defenses undermanned, its health service below standard, its parks shabby, its city hall down at the heel, its streets dirty and in disgraceful disrepair. Its garbage was collected and disposed of by a private company under an unsatisfactory contract. It had almost no active recreation program. In fact it was a very sick city.

The city government did not even possess sufficient initiative to call in a doctor. But its guardian, the Republican Advisory and Executive Committee of Hamilton County, did. It appointed a survey committee of prominent citizens who engaged Dr. Lent D. Upson of the Detroit Bureau of Governmental Research. He

<sup>1</sup>Passed by the Ohio legislature in 1911.



brought with him a large staff of specialists.

The results of the Upson survey fill a volume of 535 pages. It did not recommend, except as to the council, any drastic change in form of government. Its length and technical character scared away the general reader. But it supplied the factual basis needed by the movement then gathering headway for a complete reorganization of the city government. It presents an authentic picture of Cincinnati's government in 1924, from which twenty years of progress can be measured.<sup>2</sup>

<sup>2</sup>A charter amendment, embodying the manager plan and a council of nine elected by proportional representation, backed by the City Charter Committee, was adopted in November 1924. At the first council election in 1925 the City Charter Committee, running a slate of independent Republicans and Democrats, captured six of the nine seats, the three others going to the Republican organization. The Charterite councilmen elected one of their number, Murray Seasongood, mayor, and selected Colonel C. O. Sherrill, then in charge of public buildings and grounds in Washington, D. C., to be manager. Thereafter a committee was appointed, consisting of Robert A. Taft, Robert N. Gorman, and Henry Bentley, to prepare a complete new charter which was adopted in 1926. The Charterites, with the same independent Republican and Democratic backing, continued to have a majority in the council until 1936. In 1930 Russell Wilson replaced Seasongood, and Sherrill was succeeded by C. A. Dykstra. In the fall of 1935 there were elected four Charterites, four Republicans, and one independent. Russell Wilson was re-elected mayor in 1936 by virtue of an agreement with the independent member. Colonel Sherrill took over the managership again in 1937 when Mr. Dykstra became president of the University of Wisconsin.

The 1937 election again split the council 4-4-1. The Republicans came to terms with the independent, and elected James

It is very significant that the manager plan in Cincinnati was in the hands of its sworn friends for its first ten years. To have turned the city over to the old machine which had fought the plan would have meant its sabotage. Colonel Sherrill in his first term as manager had the constant backing of a strong council majority, and an able and eloquent mayor to represent his administration before the public. Mr. Dykstra was almost as fortunate. The manager plan thus had a fair chance to prove itself. It has come to be accepted generally by all elements in the community, except those rank-and-file politicians known in Cincinnati as "bolivars."

This does not mean that there are no critics of the city government. Omitting, however, those with personal grievances, their criticisms are constructive. There is, indeed, a significant difference between their complaints and those of twenty years ago. The citizen who then groused about holes in the streets now worries about lack of super-highways. The man who then grieved because there was no active recreation program is now wrinkling his brow over ways and means of keeping the city's 88 playgrounds in operation. The question in 1924 was "Can Cincinnati have a decent government?" The

G. Stewart mayor. The same situation continued in the council elected in 1939. In 1941 and 1943 the result was five Republicans and four Charterites. Before the election of 1943 Colonel Sherrill resigned, effective December 31, and the Republican members of council, the Charterites not voting, named Wilbur R. Kellogg, manager of the Cincinnati Union Terminal Company, city manager.

question today is "Can Cincinnati overcome the legal obstacles and popular inertia which have prevented her from pursuing some of the higher goals of civic ambition?"

#### **Cincinnati's Accomplishments**

More specifically, what has Cincinnati accomplished since 1924?

1. It has replaced a politics-ridden, inefficient, slovenly administration with one which performs the routine activities of a modern city economically, efficiently and with a minimum of political interference.

2. Cincinnati has not eliminated politics, or even partisanship, from the city government, but has confined them largely to the council where, if anywhere, they belong.

3. In place of a robot council Cincinnati now has a lively, intelligent and independent governing body in which a vigorous minority is always present to call the majority to account.

4. Cincinnati, in 1924 debt-bedevilled and on the verge of bankruptcy, in 1944 has one of the highest credit ratings of any city.

5. Cincinnatians continue to pay lower taxes than the people of other cities. Local tax burdens are only 62.7 per cent of those in the average American city.

6. The cost of direct operation in Cincinnati, omitting relief, was only \$24.30 per capita in 1942 against an average for cities of 250,000 to 1,000,000 of \$33.37.

7. Improvement in departmental operations has been general, and numerous public improvements have been made. There are still some departments, however, notably po-

lice, health and recreation, which are inadequately supported; and there are many badly needed public improvements calling for expenditures on a larger scale than Cincinnati has hitherto known.

8. Some advance has been made in cooperation between Cincinnati and Hamilton County, but the problems created by the outward movement of population from the city to its environs actually have been intensified since 1924.

#### **The City Manager**

The authority of the manager in Cincinnati is limited to a narrower range of activities than is usual. The mayor, with approval of council, appoints the auditor, board of health, park board, housing authority, board of directors of the University of Cincinnati, and a majority of the members of the recreation commission and the city planning commission. He also appoints one member of the civil service commission, the other two being appointed, one each, by the board of education and the board of directors of the university. Three of the regular line departments—health, parks, and recreation—are thus removed from the authority of the manager. No disastrous results have followed. The mayors have, with a few exceptions, made good appointments.

The great money-spending activities, however, are concentrated under the manager—public safety, public works, public utilities, water works and the hospital. He also appoints the treasurer, purchasing agent, solicitor, and the personnel officer.

The managers selected have all



been men of proved executive capacity. Managers Sherrill and Dykstra were specially prepared by training and experience for the task of city management. They both acquired nationwide reputations for their able conduct of Cincinnati's affairs. From what can be learned of Manager Kellogg's character and aptitudes, if given as fair a chance as his predecessors he should do substantially as well.

The council has allowed its managers to manage. Not infrequently managers have had to endure blasts of criticism from the floor of council. These have come from individual members, however, whose right—and duty—it is to criticize. There has not been any concerted and persistent attempt to control the manager within his proper sphere. It seems to be the present intent of a majority of council, irrespective of party, to protect his independence. On their part, the managers have scrupulously refrained from going over the heads of council to the people.

#### **Budgeting**

In only one important respect have the relations of manager and council deviated from the theory of the manager plan and the sound practice of other cities. The chairman of the finance committee has replaced the manager as the person responsible for initiating the plan of the city's financial operations.

Cincinnati does not have a good budget system. The manager's "budget" has to be submitted by June 1. This is too early to estimate with any accuracy the resources and

needs of the next year. The manager's budget therefore has degenerated into a routine compilation of department requests. Naturally it is ignored. The real work of preparing appropriations begins after the first of November when the heads of departments, one by one, present their needs to the finance committee of council. The manager and the auditor are there to present their points of view, and the press and public if interested.

But no complete scheme of proposed expenditures, balanced against expected income, is made public until the appropriation ordinance is brought before the council for immediate action on the first of January. The press and public have no chance to review it as a whole. Even members of council are left in ignorance until the last moment, when it is too late to do anything about it. It is no answer to say, as is the case, that financial planning has been honestly and conservatively attended to by Chairmen Rose and Gradison, whose combined terms have extended from 1926 to the present.

#### **Accounting and Reporting**

The excellent accounting system installed in 1928 has been competently administered ever since by the present auditor. Monthly reports showing the unencumbered balances available in each appropriation are made to the manager, council and heads of departments. The auditor's annual report is a concise and comprehensive statement of the condition of every appropriation and fund. An elaborate cost accounting system in the department of public works sup-

plies that kind of information where it is most needed. But Cincinnati fails to give its citizens brief, comprehensive, financial statements which the ordinary layman can understand.

#### Employment Policies

The Upson survey found employment policies very unsatisfactory. Wages were low. There was no retirement system except for policemen and firemen. Almost all positions carried flat salaries, so that the newcomer was paid as much as the most experienced worker. The same kind of job was paid at different rates in the various departments. Finally, the civil service commission was unable to cope with political influences in appointments and promotions or to prevent political activity on the part of those in the classified service.

These conditions have been revolutionized. In 1923 only 2,515 of the 3,905 employees were appointed as a result of examinations. On January 1, 1942, of 5,423 employees, 5,169, including all laborers, were appointed as a result of examinations. Until war interfered competition was vigorous. In 1923 promotion was rarely on the basis of examination. Only 74 such examinations were held in the five years 1919-1923. In the five years ending in 1941 there were 287 promotional examinations, with 3,605 actual competitors.

Cincinnati has made a notable contribution to personnel training in the arrangement by which students in various departments of the University of Cincinnati work half-time in related branches of the city government. A hundred or more students a

year enjoy this educational advantage, to the city's profit as well.

A general reclassification of positions took place soon after the inauguration of manager government. A new pay schedule went into effect in 1941. Although there are some marked inequities in compensation, regular increments are provided, to be earned by length of service and satisfactory service ratings. An actuarially sound retirement system has been provided for all employees except policemen and firemen, based on fairly adjusted contributions by employees and city. Police and fire pension systems, however, are unsound, and a cut in pensions can only be averted by state legislation. The city's effort to bring firemen and policemen into the general pension system was thwarted, even as to future employees, by the Ohio Supreme Court.<sup>3</sup>

Wages have been raised since 1923, but not enough to satisfy employee demands. Following an employees' strike in 1942, successive cost-of-living increases were made which by June of 1943 amounted to \$20 a month to those with salaries under \$2,000, and \$25 to those over \$2,000. Hourly-rate workers were raised ten or eleven cents an hour. The cost of these increases will be approximately \$1,000,000 a year. Another cost-of-living increase became effective April 14, 1944, aggregating \$350,000.

The council is required to reconsider salary schedules annually in the light of the cost-of-living index, but

<sup>3</sup>*City of Cincinnati v. Gamble et al.*, Bd. of Trustees, 138 Ohio State, 220.



with reference also to the financial condition of the city.

### **The Council**

The council of 1924, with its 31 Republicans and one submissive Democrat, was only a rubber stamp for the Hynicka machine. Only a few of its members were capable of an active role in its proceedings.

There is not a member of the 1944 council who cannot take an effective part in the discussion of city business. Of 35 individuals who have been elected to council since 1925 a sizeable proportion have been top-flight business and professional men. The first councilwoman under the present charter, elected in 1943, is well known as a vital civic leader.

At the same time council has not failed to represent the common man. Labor has been directly represented by union officials. Whereas there was no Negro even from the Negro wards in the 1924 council, there have been several Negroes elected to the new council. Some radical popular movements have had representation in Herbert Bigelow and other independents.

Party is aligned against party in council. One is the Republican party to which a large majority of Cincinnatians adhere in national elections. The other is something unique, a municipal party. The City Charter Committee was originally a temporary alliance of independent Republicans, nonpartisans and Democrats. No one believed it could last more than two or three elections. It has survived ten. It has stood the test of defeat and it can still collect substantial campaign funds and enlist

volunteer enthusiasm. It has apparently become a permanent feature of political life in Cincinnati. This is the more remarkable as it neither has nor seeks patronage.

### **Proportional Representation**

There is also not a little personal politics in the council. Its character is determined by the system of proportional representation under which the council is elected. The Hare plan of P. R. is well known to readers of the REVIEW. Under it a candidate cannot win merely because he has a party nomination. He must so commend himself personally as to get enough first-choice votes to avoid elimination early in the count. This is accomplished in various ways. The ordinary method, critics of P. R. say, is to cater to a pressure group—economic, racial, religious or sectional. Some members of council undoubtedly are the beneficiaries of prefabricated constituencies or “blocs” of the kind referred to. But the council actually represents the people as a whole, not organized minorities.

The Upson report recommended a council of not more than nine elected at large upon a nonpartisan ballot, preferably by proportional representation. The small council elected at large was proposed in order to raise the individual stature of council members and increase council's operating efficiency. The results have surpassed expectations. Proportional representation was suggested as the most practical means of avoiding the danger of one-party domination. This also has been accomplished. It has not unduly encouraged strictly

independent candidates. Only four times has one been elected since 1926. It has, however, assured each party representation in almost exact proportion to its voting strength.

P. R. has thus made possible the advantages of at-large election without the evil of one-party domination. Instead of giving the party with the most votes all the seats in council, P. R. offers a seat to any group which can muster a "quota." The council members of neither party today are cut from one piece of machine-made cloth as was its exclusively Republican membership in 1924. Each party shows strands of contrasting interests and opinions. To vary the metaphor, as a picture of popular will the council of 1924 might be compared to an old-fashioned daguerreotype and the 1944 council to a modern photograph. The latter shows much more detail. If you do not like what you see, that is not the fault of the camera.

Racial and religious groups in municipal politics are to be regretted, but it is better that their views should be openly represented in council than stifled until explosion occurs. There is, in fact, no way in a democracy that they can be prevented from seeking representation. No party thinks of making a slate of candidates, under any system of election, which is not balanced as between important groups. P. R. did not give Negroes, for example, the idea that their interests call for political action. They have that idea in hundreds of cities where P. R. does not exist. It merely gives the Cincinnati Negro an opportunity to get a repre-

sentative directly at the polls instead of indirectly by pressure on the party slate-makers. Group representation as it exists in Cincinnati is a low price for a guarantee against the paralyzing unipartisanship of 1924.

The alternatives proposed are not attractive. The one defeated in 1938 provided that the names of candidates appear on the ballot without party designation, each voter voting for nine. The nine with the highest totals would have been elected. There was to be no primary. This is harmless enough under the free voting of P. R. It would be very dangerous under straight voting with the plurality system. A decided chance exists under that system of one party casting 51 per cent of the votes but electing 100 per cent of the council. Against a divided opposition they might be equally successful with less than 50 per cent.

Another suggestion is that minority representation be guaranteed by a form of limited vote—with nine to be elected, each voter to be allowed to vote for no more than six. This, it is said, would ensure at least three opposition voices in council. The history of such schemes indicates that they tend to entrench the dominant party machine in power and leave strictly independent candidates no chance whatever. Boston tried this method of electing its twelve aldermen a half century ago. No one could vote for more than seven; each party nominated seven, and the electorate was left to determine which two of the fourteen should be defeated. Who the two would be was pretty well understood in advance by the two machines.



### Departmental Accomplishments

There is not space here to enter into the details of departmental operation.<sup>4</sup> Routine operations attain in many cases a degree of perfection unusual in American cities. With few exceptions what can be accomplished by good management alone has been accomplished.

There remain, however, largely as a result of restricted city revenues, some weak spots in service and a large grist of too long deferred physical improvements. The police department, for example, needs more men, additional equipment and a new building. An adequate program of crime prevention has never been undertaken. While there are ample park and playground sites, sufficient funds have not been provided to finance play activities on them. Some health services, likewise, suffer from lack of city appropriations. The city's excellent hospital shows signs of unduly deferred maintenance. At the same time, little progress has been made in solving the problems growing out of metropolitan expansion—among which those relating to welfare, health administration, and regional water supply cry loudly for solution.

On the physical side, the holes in the streets, which contributed so much to the revolution of 1924, have disappeared. Clean, well maintained streets, satisfactory garbage and refuse collection and disposal, and greatly extended water and sewer systems have been the product of city

manager government. The department of public works handles admirably the everyday tasks of maintenance and operation. It is also well set up to design works, prepare plans and specifications, and supervise construction on a large scale.

### Unsolved Physical Problems

Among the physical facilities which any modern city of half a million needs are: (1) adequate highway approaches, (2) convenient and commodious rail terminals, (3) a well located airport safely accessible to the largest planes, (4) modern mass transportation, (5) ample off-street parking in downtown areas, (6) adequate main traffic arteries, (7) decent sewage disposal, (8) a pure and palatable water supply sufficient for itself and its environs, (9) well placed and extensive park and recreation sites, (10) redevelopment of blighted areas and housing for the people. Cincinnati needs in addition (11) flood control.

Of these requisites of urban living, Cincinnati has done very well in only (2) and (9). An adequate approach has been provided from only one direction, over Columbia Parkway, and more needs to be done to improve its accessibility. Hills block approach to Lunken airport. Loading platforms and lumbering streetcars interrupt street traffic. Provision of free off-street parking is in its infancy. The pattern of arterial streets is obviously incomplete. Sewage disposal is in the blueprint stage. City water is unpalatable at times, and the bottle-necks in the tunnel and pumping station stand in the way of supplying the environs. Redevelopment of

<sup>4</sup>For a complete report see *The Government of Cincinnati 1924-1944—An Appraisal*, by Thomas H. Reed and Doris D. Reed. Stephen H. Wilder Foundation, 18 East Fourth Street, Cincinnati, Ohio.

blighted areas is only a subject of conversation, and the related activity of housing has had no more than a beginning, despite the exceptional work of the Cincinnati Housing Authority. The Mill Creek barrier dam will prevent the worst damage from flood, but there still remains the problem of the river-front lands now subject to flood.

It is encouraging, therefore, that under the pressure of a strong citizens' planning committee the council has been induced to appropriate \$100,000 to the city planning commission for planning in the broadest sense. The city planning commission was at the time of the Upson report preparing a "master plan," completed in 1925. Since 1925 the activities of the commission have been chiefly regulative. This has resulted automatically from its annual appropriation of about \$22,000 a year, not enough for comprehensive studies but ample for short studies of the location of streets and other improvements on which, unless overruled by a two-thirds vote of council, it has a veto. As a regulatory agency, the planning commission has been a notable success. Its work in subdivision control, where its powers are unusually broad, has been outstanding. Like Cincinnati's government as a whole, it has admirably performed its routine functions but has not been able to accomplish very much toward the solution of major problems.

The imminence of a postwar crisis appears, at last, to have awakened some of Cincinnati's strongest citizens to the necessity of action. The citizens' committee referred to is now

organizing more formally to give support and guidance to the postwar planning movement. It will be well financed and employ an expert personnel. There will thus be supplied, it is to be hoped, that leadership without which Cincinnati cannot overcome the obstacles—legal, financial, and psychological—which hamper the city's physical development.

#### **Tax and Debt Limitations**

Additional public works, better pay for employees, and the improvements in other activities suggested in this report all come down in the last analysis to a question of money. The charter of 1926 provided that the council might levy annually 6.65 mills for operation. While this is more than some other Ohio cities have under the existing one per cent constitutional tax limit, it is, according to all experience, too little on which to run a city. Under the state law an extra municipal levy requires a 65 per cent majority on referendum.

The city's borrowing power is also restricted. The council may issue bonds up to one per cent of the tax duplicate. Further borrowing, up to a total of 5 per cent, is possible, but only when approved by a 65 per cent majority. Debt service on "councilmanic" bonds is "inside," and service on bonds voted by the people "outside," the one per cent over-all constitutional tax limit.

The requirement of a 65 per cent majority on bond issues and extra levies is a serious obstacle to expanding municipal facilities and services. In the eleven years 1933 to 1943, 52 city, county and school bond issues, and city and county tax levies were



voted on. Only five got the necessary two-thirds, while twenty others got a majority, some of them far more.

### Financial Management

Within these narrow limits Cincinnati's finances have been conservatively managed since 1926. There has been no repeated long-term borrowing to cover current deficits. Operating expenses have been paid in cash except for an extremely moderate amount of poor relief notes now paid off, and the regular use of five-year bonds to pay for equipment. This is an expensive way to buy equipment, forced by the limited operating levy.

Cincinnati's debt burden has been greatly reduced since 1923, not only by paying off the principal but by the refunding operations of the board of trustees of the sinking fund. The total net debt was \$68,314,000 at the end of 1923; twenty years later it was \$44,707,000, of which \$3,017,000 was in water and \$9,041,000 in Southern Railway bonds. The water works debt is fully self-supporting, while the rental of the Southern Railway exceeds the service on that debt by \$805,000 a year.

It has been pointed out that the burden on real estate taxpayers is only 62.7 per cent as great as in the average American city. The great increase in real estate taxes resulted from a 31.8 per cent increase in assessed valuation in 1924-25 before the manager plan went into effect.

Those responsible for Cincinnati's finances have done a grand job in getting the most out of the city's limited resources. It is not enough, however, for a city to live within

its means. There are occasions—and this is eminently true of Cincinnati today—when a city needs to enlarge its resources to meet new needs. Some services cry for improvement, employees want more pay, and many facilities necessary to good urban living are conspicuously lacking.

Any considerable permanent increase in operating expenditures is impossible without the aid of extra levies. It is true that last year the city had a surplus in operating funds (general, auto tax and gas tax) of \$1,478,722. It would have been even larger if council had not, very properly, transferred half a million dollars to a reserve for maintenance and improvements. The operating funds, however, had profited by unexpectedly low relief costs, decline in personnel and war-caused obstacles to spending. Cincinnati, like other cities, is piling up a serious problem of deferred maintenance. Even a \$2,000,000 surplus can melt like snow in May before an increased scale of spending. Pay increases of June 1943 and April 1944 have already made heavy drafts on the existing surplus. It will probably be exhausted in three years, even leaving out of account the effect of deferred maintenance on expenditures in the postwar period.

With public improvements, except extensions of the water system which can be financed by water revenues and sewage disposal which possibly may be covered by a service charge, the city must perforce go slow. About \$28,000,000 in five years, including bonds already authorized, is its approximate legal limit. Hamilton

(Continued on page 394)

# By Their Own Bootstraps

*Lane County, Oregon, and its communities learn to do without while achieving a cash basis and preparing for postwar problems instead of "waiting for Santa Claus."*

By WILLIAM M. TUGMAN, Managing Editor  
*Eugene Register-Guard*

EDITOR'S NOTE.—This is the first of a series of articles which tell the story of the efforts of an Oregon city and its neighboring communities to solve their problems and prepare for the future without outside aid.

**D**URING the last year, a good deal has been said and published nationally about postwar preparations in the city of Eugene and Lane County, Oregon—largely as the result of a phrase tacked on to a letter answering an inquiry from Dick Syring of *The Oregon Journal* (Portland): "We are merely trying to take care of our own without waiting for Santa Claus [from Washington]."

Actually it is not quite so simple! Eugene and its neighboring city Springfield are virtually debt free. The county of Lane is debt free. They have voted property taxes—without increasing tax rates—which with existing cash reserves give them at least \$4,000,000 cash for useful public works when war ends. (This includes \$1,500,000 earned reserves of Eugene's municipal power and water utilities.)

Citizens of the community have formed a Central Lane Planning Council with representatives of every business, professional and labor group and every one of the 35 "neighborhoods" of the six-mile urban area. This council has two main objectives:

1. Intelligent handling of the

postwar readjustments of some 7,500 men and women now away in service.

2. Integration of the urban area for intelligent and economical handling of all the problems of industrial growth with its suburban fringes which threaten real prosperity and stability.

This program did not spring into being fully grown overnight. It has been "making ready" for nearly twenty years, during which the community has been correcting mistakes of the past, getting "set" not to be "bigger and better" but to be better despite all the headaches which come with getting bigger.

Eugene and its sister city Springfield lie at the head of the Willamette Valley, 120 miles south of Portland where the cross-ridges from the coast range of mountains bend east to meet the long spurs reaching west from the Cascades. The Willamette River rushes between Springfield and Eugene. Forested hills enclose the huge semi-circle from which the valley runs northward.

Eugene is the county seat of Lane County which extends from the summit of the Cascades to the Pacific Ocean. Approximately the size of Connecticut, the county now has 75,000 population. By the 1940 census Eugene had 20,800 and Springfield 3,800.

But in the six-mile Eugene-Spring-



field area there are 43,000 people (ration book count). In the east this would not be a "big city." But for a vast area Eugene is "the city"—trading center, medical center, home of the University of Oregon. Out in the valley lie highly diversified farms—fruit and nut orchards, hops, beans, cannery crops. In the foothills are sheep and cattle ranches. In the woods are some 133 lumbering operations which supply great sawmills and plywood factories.

Social barriers are still indistinct. Most of the big mills are still home-owned. There are very few "rich people" and "putting on the dog" is not done.

It is a community which has a natural setting of great beauty and is keenly aware both of it and of the need of protecting values of living.

#### Problems Tackled

For twenty years the community has been cleaning up its debts, preparing for the inevitable intensive development of forest products and more intensive settlement. The program has been spurred by realization that this growth has begun—without benefit of war industry—and that things need doing now.

The Planning Council makes a three-point attack on postwar problems:

1. Private works—for which detailed surveys and reports are being made under contract with the University of Oregon School of Business.

2. Public works—emphasizing the necessity for getting rid of debt, staying out of debt and cash reserves for necessary betterments.

3. Human Problems — seeking an

individual approach to the educational, social and economic readjustments of all concerned.

The Council has a fund of \$10,000 contributed by business people for its first year's work. It has no legal status or authority, but by bringing people together to discuss many common problems of growth and the postwar period it seeks answers to all the familiar troubles of "urban areas and suburban fringes."

For students of municipal government and the management of public business, this Lane County effort is interesting mainly for what it may suggest in the self-reliant establishment of a sound practice in public business on a local or regional basis.

The Lane County program—which is spreading rapidly to many other communities in Oregon—might be described as "a laboratory experiment" in fiscal management and in determining how far the voting public can be induced to study and understand and adopt new and more economical methods.

In 1930, as depression really began to hit, as its lumber, canning and transport industries tobogganed, as unemployment mounted, as roving hungry transients swarmed along the Pacific Coast, the area found itself with more than \$6,000,000 of county, city and school debt, with taxable valuations going to pieces, with tax rates which kept climbing in spite of frantic efforts to "retrench"—and this was because debt payments could not be dodged!

Today the county of Lane, the cities of Eugene and Springfield, and most of the important school

districts are either debt free or will be in the next year or two.

They got that way by "doing without," by hard-bitten community self-denial of liberal "grants" from PWA or WPA, whenever it appeared that the price of federal aid was more local debt. In the lean years Eugene and the county alone—not counting minor districts—paid off more than \$4,341,000 in principal and interest, more than 61 per cent of their total debt from 1920 to 1948.

From 1930 to 1944 debt service ate up 30.8 cents out of every tax dollar in the combined county, city, school levy. Out of an average combined tax levy of 54.7 mills it required 15.06 for debt. In some years it took as much as 58.9 cents of the city tax dollar for debt, and as much as 41.7 cents out of the school dollar and 31.5 of the county dollar.

For more than fifteen years the people of Eugene and Lane County have been increasingly conscious of the fact that debt makes taxes, and that mere "tax limitations" (such as Oregon and many other states have tried following Ohio's bad example) mean nothing if the borrowing power is not also rigorously controlled. So the people of this community began to study these questions:

How can this problem of taxes through debt be brought under control?

Is there a sound practice which can be adopted for the future?

Many of the nation's largest and soundest industrial concerns for years have financed all routine improvements and expansions out of accumulated reserves; if this is good business for "big business," why not for cities, counties and school districts?

When our debts have been paid off, or nearly paid off, why should we not take the equivalent of what we have been paying in debt taxes (average fifteen mills a year) and apply that to building up city, county and school improvement reserves?

Could we stabilize our property taxes at 50 mills or thereabouts for combined county, city and school purposes, and allocate one-third of that levy year after year to capital improvements?

In Oregon real and personal property is appraised at approximately 50 per cent of market value, and a stabilized tax of 50 mills would mean an annual property tax of 2.5 per cent of market value in urban areas—about half the national average for urban areas, and an important inducement to industrial development and home ownership.

#### Special Levies Asked

As far back as 1937 some tentative experiments were made with special levies submitted to popular vote. In 1937 the voters of Eugene taxed themselves half a mill to buy Spencer Butte, a 2,000-foot mountain four miles south of town, which was threatened with spoilation by loggers, and "Old Spencer" is now the anchor for a future area park system. In that same year they voted another half mill for the city's share, with schools, in a "civic stadium."

In the fall of 1939 they voted overwhelmingly three mills a year for two years for a new airport (\$75,000), and one mill a year for two years (\$25,000) for a swimming pool fund. These were years in which debt payments were still at peak. Also a surcharge of 25 cents a month on water bills for sewage disposal;



there is now more than \$100,000 in this reserve.

In June 1943 the taxpayers of the Eugene school district took the first big bite for the postwar program, voting ten to one a tax of seven mills a year for five years (\$500,000) for the first unit of their new \$1,500,000 high school project—for which a 70-acre site had been acquired with cash savings.

In May 1944 the voters of the city of Eugene followed up with five mills a year for five years for sewers (\$375,000); one mill a year for five years for the city's share of county-city building (\$75,000). And the voters of Lane County by two to one approved a levy of two mills a year for five years (\$500,000) for postwar roads and bridges. In November the county will vote on one mill a year for five years for the county's share of county-city building (\$250,000).

#### Postwar Levies

So far the total in postwar levies is seven for schools, six for city, two for county, an aggregate of fifteen mills, with one more mill coming up in November to make sixteen.

A most interesting feature of the situation is that the combined tax levy for 1944-45 for Eugene, Eugene schools, and the county—what the Eugene taxpayer really pays—will not exceed 51 mills, despite the fact that debt payments are not yet complete. This is due to several happy circumstances:

1. Redistribution of state income tax surplus to Oregon schools which gives the Eugene school district about \$100,000 a year, full equivalent of its postwar building levy.

2. Marked increase of all city revenues other than taxes which has made it possible to reduce by half the 8.5 mills which the city has been levying for debt.

3. General increase of all taxable valuations to well over \$50,000,000 (first time 1930 peak of \$49,500,000 has been passed).

But when this postwar program was first proposed early in 1943 no such tax offsets were in sight, and the voters were warned that if fifteen mills were added now, in 1944-45 their combined tax might hit 65 mills. Even after the school levy was offset by state funds, the voters were warned that the county and city levies might make a total for 1944-45 as high as 57.4 mills.

The only promise held out to the voters was that "as your old debts are liquidated, your taxes will come down to 50 mills or less because these postwar levies merely replace 'dead horse.'" The main argument for not waiting till 1948 to start the postwar program was that the postwar will not wait.

The method of presenting these problems to voters is quite important.

For more than fifteen years the relation of debt to taxes has been the subject of constant discussion and explanation at public meetings, on the local radio, and on the front pages as well as the editorial pages of the local press—not only with statistics but with graphic illustrations, pictures, charts, diagrams, graphs which give a "picture story" of tax and debt.

It is also interesting to note that at the election on May 19, 1944, the voters of Eugene adopted a city manager plan effective January 1, 1945,

and also voted an extra one mill—over and above all ordinary and postwar levies—to liberalize the operating budgets of their city government. The taxpayers of the Eugene school district on June 19, 1944, voted an extra 1.3 mills for operations, mainly to increase teacher and janitor pay against war competition. All these levies with the postwar levies will fit within the 51-mill total.

The adjacent city of Springfield meanwhile has cleaned up a debt situation worse than Eugene's, and it has voted some \$250,000 in postwar preparations. Springfield has authorized \$20,000 in bonds for a city building, and \$85,000 for sewage disposal. The city schools and union high school district have voted levies for their postwar additions and improvements. In Springfield the aggregate of postwar school levies is ten mills; in the country somewhat less.

In the small city of Oakridge voters have just approved some ten mills for streets and lighting and two mills for a library.

In Portland, Salem, Roseburg, Baker, Corvallis, Lebanon, Tillamook, Klamath Falls and many other Oregon communities, voters have approved large postwar levies, mostly for schools, although some cities and counties have begun to take up the idea of cash instead of bonds.

It is much too soon to say that a sound practice in public finance has been established by the Lane County program. Without the heart pull of war, Lane County taxpayers might have been much harder to sell. After

years of "build-up" and many months of intensive effort, Fred Stickels, chairman of the Central Lane Council, and other leaders would tell you: "All we know is that we have found out how much we don't know."

Every analysis of the community's past, present and future fiscal policy merely leads to new questions:

How much of all costs should be charged to property?

How can we get better and more uniform methods of public accounting and reporting?

How can we clarify, strengthen and safeguard cash reserve legislation?

And most important:

How can useful public works be balanced with private works over a long period of years to get something like "balanced economy"?

In Great Britain Lord Woolton's report suggests "increased taxes in good times and reduced taxes in bad times" to prepare public works to balance fluctuations in private employment. In this country Harvard's Professor Alvin Hansen talks of "compensating" and "developmental" public spending—mostly with borrowed money, to which Professor W. L. Crum retorts that the result may be "political manipulation instead of fiscal management."

In Lane County we are doing exactly what is proposed by the great economists, but with cash, and at home town level, where the control is or can be largely in the hands of those who pay and, despite the obvious limitations, it might be that Lane County "has something." We can only say that this much has been done!



# Milwaukee Goes Debt Free

*City's fifty-year program, actually achieved in 21 years, sets sound example for suburban neighbors and bolsters morale of city officials for problems of postwar period.*

By LLOYD GLADFELTER, City Hall Reporter  
*The Milwaukee Journal*

WHEN the efficient housewife designs a new recipe for a cake or for flapjacks the success of her magic in the kitchen soon spreads throughout the neighborhood. The neighbors beat a path to her door and they go away not only satisfied with what they have sampled but also with the cherished recipe. Soon thereafter all the families in the block feast on the dish and later its fame spreads afar.

In thrifty Milwaukee 21 years ago a whole ingenious household contrived a recipe news of the success of which has been spread throughout the land. The household was the Milwaukee municipal government; its recipe a sound plan for getting out of debt by creating a unique amortization fund.

The optimistic cooks of those days worked up formidable tables and proved to themselves and the good citizens of Milwaukee that by 1973—exactly 50 years after the plan was started—they would have Milwaukee out of debt. They could not foresee that their goal would be reached by 1944.

The "neighbors" came in to taste the new recipe and the result is that two suburban governments, West Allis and West Milwaukee, already are out of debt via the Milwaukee plan, and South Milwaukee will join the ranks in 1948.

Many city officials elsewhere will ask what financial wizardry did Milwaukee perform to achieve such an astounding record? The idea of the public debt amortization fund was based upon these resources:

All interest payments received by the city on deferred street assessments, one-third of the interest earned on any city funds, such as daily bank balances, all other moneys which the common council by a two-thirds vote would transfer to it, and gifts and bequests from citizens and organizations.

Assets from all these sources would then be invested in bonds of trust fund integrity and the earnings would be reinvested in additional bonds as the earnings grew. Thus the principle of compound interest would be put to work.

The plan was followed meticulously.

For ten years before the fund was created by state law, city officials had demonstrated great interest in gaining freedom from the burden of debt. There was a deal of talk and much quiet mulling of the problem in various minds. Finally in 1922 the machinery was set in motion when two measures were introduced simultaneously in the common council. The final result was that a special committee of four men, the quartet which had shown the most interest,

was appointed to work out details.

Three of the four men who created the recipe have lived to see it produce results. They are City Comptroller William H. Wendt, Assistant City Attorney Charles W. Babcock and Thomas M. Duncan, former secretary to former Mayor Daniel Webster Hoan. The fourth, Senator Schultz, died a few years ago.

#### First Contributions

On June 12, 1923, the common council turned over to the amortization fund its first contribution of \$398,577, which had been paid into the city treasury as interest on deferred street assessments since 1917. The money had been allowed to accumulate in the hope that it would be used for a good purpose. Later that same year another contribution of \$101,822 was made, starting the fund lustily on its way with \$500,399 in assets.

Standing alone the \$500,399 appeared strong and healthy. Compared with the then city debt—\$29,033,000—it was very small. Actually it was less than 2 per cent of outstanding obligations.

The amortization fund continued to show a sturdy growth, but so did the debt. From January 1, 1924, to January 1, 1932, the fund increased to \$3,055,860. In the same period the debt vaulted to an all-time high of \$50,338,450.

The depression of the thirties was deepening. The problems of municipal finance were causing distress. In the face of such difficulties the common council had the courage to decide that after 1932 no city general purpose bonds would be issued. From

that point on the debt declined sharply each year as maturities were met in full. The amortization fund meanwhile spurted ahead under the impetus of greatly increased earnings. The state law was changed to permit the fund to invest its cash in delinquent city tax certificates which earned interest at the rate of 9.6 per cent a year. Each year from 1933 through 1938 the fund earned more than \$600,000, reaching a record of \$910,265 in 1934.

The following table will show the growth of the fund compared with the rise and fall of the city debt until 1944:

#### CITY OF MILWAUKEE

<i>Year</i>	<i>Amortization</i>	<i>Net</i>
<i>Jan. 1</i>	<i>Fund</i>	<i>Debt</i>
1924	\$ 500,399	\$29,033,300
1925	780,804	30,773,800
1929	2,075,773	48,063,050
1930	2,494,574	48,650,900
1931	3,055,860	50,338,450
(Bond issues discontinued)		
1932	3,650,663	47,480,000
1933	4,022,662	43,645,166
1934	4,738,107	39,712,433
1935	5,648,372	35,848,700
1936	6,287,140	32,081,700
1937	6,914,718	28,519,500
1938	7,598,140	25,139,500
1939	8,004,577	21,819,500
1940	8,640,544	18,716,500
1941	9,056,824	15,890,000
1942	9,401,972	13,251,000
1943	9,764,059	10,654,000
1944	10,092,105	10,162,000
March 1944	10,162,000	10,162,000

Source: City Comptroller's office.

For four years, from 1932 to 1936, the city faced the problem of financing capital improvements without the aid of bond issues. Those were the days of the CWA, the PWA and the WPA, when federal money was channeled to all government units to help pay for made-work projects. Mil-



waukee financed its share out of current revenues.

As the depression's severity lessened, it became apparent that a long-term program of financing capital improvements on a cash basis was inevitable.

While city officials puzzled over the problem the City Club, through the chairman of its finance committee, came forward with a plan of its own. It was a simple program designed to create a permanent fund for financing such improvements by cash rather than by bonds.

#### City Club Plan

Paul S. Grant, the City Club's finance chairman, suggested that the council place in the budget each year the amount set aside in 1936 for servicing the debt. He proposed that as the debt charges declined the difference between the 1936 figure and the amount needed each succeeding year be levied and set aside in the permanent improvement fund.

In 1936 the permanent improvement was a modest sum, only \$400,000, and did not permit much work. In 1937 it was \$800,000, and each year it increased until the council this fall and each year thereafter for the next six years will levy \$3,800,000 to finance sewers, bridges, buildings, street widenings and other outlays which heretofore had been paid for by bond revenues. Those same projects would have cost, by the bond financing, including interest on twenty-year serial bonds, \$5,500,000. Hence the taxpayer will be saved \$1,700,000 a year in the future.

The annual tax levy of \$3,800,000 will pay on a cash basis for the city's six-year construction program in the postwar period. This program contemplates projects costing \$22,250,000 through 1949. More than \$6,000,000 in cash is on hand from the improvement fund cash balances of the last two years and the 1944 appropriations. Little money will be spent during the war, and should hostilities cease in 1945, Milwaukee will have approximately \$10,000,000 in the permanent improvement fund with which to work.

There is still more to Milwaukee's financial history. Beginning with 1913 the city administration decided by levying extra taxes to shift all its departments from a borrowing to a cash basis. For generations it has been the habit of cities, including Milwaukee, to borrow from the banks to finance each year's operations and then repay the loans out of the next year's tax revenues. By 1932 the last department was shifted to a cash basis—in other words the current year's taxes now pay for the current year's operating costs.

Milwaukee has set aside an additional \$975,000 in cash for street improvements so far, and next fall will add approximately \$500,000 to the street fund.

Another feature of Milwaukee's financial program is its delinquent tax fund, a cash reserve set up to meet deficits that will grow out of the depression's lengthy list of unpaid and uncollectible taxes. Milwaukee has already taken title to thousands of properties, vacant and improved. It is selling large num-

bers of lots, commercial buildings and dwellings. But after the delinquency problem is cleaned up City Treasurer Joseph J. Krueger anticipates a deficit of \$3,500,000. Each of the last three years the Council has levied a special tax to liquidate this deficit and this year the city has piled up \$2,700,000 toward the \$3,500,000. Next year approximately \$800,000 will be levied to wipe out the delinquency deficit.

This year the Milwaukee taxpayers received their first dividend, a substantial tax reduction of \$2.03 on each \$1,000 of property value, because the public debt amortization fund actually paid off \$1,859,000 of the \$2,205,000 in debt principal which became due. It will continue to pay off both the principal and interest charges until 1952 when the last general purpose bonds will be redeemed.

Milwaukee's problems of financing, however, are not yet over. Confronting the aldermen are the important questions of rehabilitating slums and blighted areas, of public housing which may be built there; financing features of the master plan, especially lake-front development and express highways. Will the city administration refrain from further bond issues and levy taxes to create additional cash reserves for its needs of the future?

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EDITOR'S NOTE: Copies of the six-year postwar program are available from the Municipal Reference Library, 803 City Hall, Milwaukee; copies of "Milwaukee: A Debt Free City" are available from the City Comptroller, 206 City Hall, Milwaukee.

## 20 YEARS FORWARD

(Continued from page 385)

County, it is true, has an additional bonding power for the same period of \$21,000,000, and the school district of \$59,000,000. The latter cannot be employed in aid of any of the projects referred to in this report. The financing of improvements through county issues depends on the degree of cooperation and coordination which can be developed in the metropolitan area.<sup>5</sup>

### Conclusion

Cincinnati has solved the basic problem of decent, honest and representative government. It still has unsolved problems of great magnitude. This is no reproach to its city government. It has done an outstanding job in using available resources.

What is needed is a community movement comparable in intensity to that of 1924, but with the further objective of breaking down the habit of civic parsimony which grew strong in days when Cincinnati's government was not fit to be trusted with the people's money. Necessity often produces leadership. The crisis on the threshold of which Cincinnati, like the rest of the country, stands today should evoke it. When such leadership is forthcoming, it will find ready to hand, in the city government, an instrument as effective as has yet been devised for carrying out the will of the people in municipal affairs.

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<sup>5</sup>Since the publication of this report a movement has got under way for bond issues aggregating \$41,000,000—\$16,000,000 by the city, \$16,000,000 by the schools, and \$9,000,000 by the county. The last has already been certified by the county commissioners to the board of elections for a place on the November ballot.



# Utilities Organized by Districts

*Survey describes formation and control of public utility organizations in six metropolitan areas as possible guides for future proposals; need for enabling legislation seen.*

By JOHN BAUER, Director  
*American Public Utilities Bureau*

EDITOR'S NOTE.—This is the third in a series of four articles by Dr. John Bauer on public utilities in metropolitan areas. The two preceding articles presented the general problem of furnishing utility services within metropolitan areas and surveyed the extent to which the chief cities themselves have undertaken responsibility for regional service. The fourth article will consider the type of central city and district organization which appears most suited to regional needs.

**T**HIS article is devoted to a description of publicly owned and operated utilities which are organized on a metropolitan district basis. Such districts have their own corporate and managerial structures under special state laws, and have the status of municipalities within their particular functions and areas.

District organization has been established where integrated utility service is required for the metropolitan territory but cannot be satisfactorily furnished by the main city or by a private company. Formerly these services were mostly on an individual municipal basis. Frequently the central city has extended its service to neighboring communities as it could within its legal powers and plant capacities.

But with expanding service requirements and with the pressure of modernization and sanitation, the old municipal systems become inadequate and obsolete. Facilities have to be rebuilt, extended and integrated over the entire district, or far

beyond. For such transformation and extension regular municipal powers do not provide the needed flexibility. Unity of organization, financing and operation becomes necessary. This can be brought about by revising and greatly enlarging the powers of the chief city, or through compacts between the several communities, but either course is normally beset with difficulties. Central city concentration is usually distrusted and opposed by other communities, while joint agreements are complicated and cumbersome.

Against these alternatives, the district municipal system is the logical development. It has its own legal standing, its independent financing, and its own operation. It is suited to provide the unity of purpose and results which are not otherwise available except with complete territorial amalgamation into a single metropolitan city. While such full unification would doubtless be far the best governmental development, the limited integration furnishes what is needed in supplying particular services.

Conditions calling for district organization are likely to appear more extensively after the war than they have in the past. New water supplies must be developed in many localities, combining the joint resources of the regions and often extending far beyond the integrated service areas. They will require modern

protection against pollution and provision for purification. Sewage dumping into streams or other nearby waters will fast come to an end, and modern treatment systems will be established. Likewise old methods of garbage and refuse disposal will be intolerable, and must be replaced by present-day sanitary systems efficiently managed.

These are all pressing necessities and they are important parts of the postwar planning with which all cities are confronted. In many instances the central city may be able to perform services satisfactorily for the region, but otherwise district organization should be available.

To indicate possible suggestions as to the most suitable organic structure and means of public control, a summary survey will be presented of several important district systems. The first is the Hartford, Connecticut, district, which was the subject of an earlier article.<sup>1</sup> The other districts discussed were reported in reply to a questionnaire submitted to cities over 100,000 population.<sup>2</sup>

#### The Hartford District

The Metropolitan District of Hartford County, Connecticut, was established in 1930, in accordance with permissive state legislation, following a survey of conditions which virtually precluded the attainment of necessary improvements through existing municipal channels. The legis-

lation provides for inclusion of all Hartford County, but actual territory covered consists of the city of Hartford and six town units, with service extended to West Hartford under earlier agreements.

Functions included are water supply, sewage disposal, regional planning, and highway development. The last has been actually carried out by the State Highway Department.

The properties, financing and operations are in charge of the District Board. This consists of 22 members appointed by the governor of the state, upon informal local recommendation. Membership is in two "forms." The first consists of seven, one from each township unit, appointed for two years. The second has fifteen, appointed at large for the district, five every two years for six-year terms; in practice, eight have been appointed from Hartford, and seven from the other towns.

From the general board members there are sub-appointments to a special board of seven in charge of the Water Bureau, a second board of seven in charge of the Bureau of Public Works which has control of the sewers and the disposal plant, and a third which constitutes the Regional Planning Commission consisting of two district board members, two citizen appointees and, *ex officio*, the managers of the Water Bureau and the Bureau of Public Works. There are also functional units which are concerned with finance, contracts, legislation, and organization, and which include citizen memberships for the development of policies and public advice.

<sup>1</sup>"Hartford Metropolitan Needs Served by Water and Sewer Board," by John Bauer, NATIONAL MUNICIPAL REVIEW, October 1943.

<sup>2</sup>For a description of the questionnaire see Dr. Bauer's first article of this series, the REVIEW, June 1944, p. 277.



The Water Bureau is operated on a financially self-sustaining basis. It has a watershed of over 500 square miles and reaches over 30 miles beyond Hartford. Its plant extensions and improvements are financed mainly through bond issues, while the interest and amortization, along with all operating expenses and other overhead, are paid out of operating revenues derived from rates paid by consumers.

The same rate schedules apply to the entire district except where admission had been predicated upon a differential fixed to equalize the relative cost differences between the previous members and the applicant town. Operations are in charge of a general manager.

The Bureau of Public Works is financed separately and has its own general manager. Plant additions and improvements are paid for through assessments and bond issues, also, to minor extent, by taxes. Operating costs, including interest and other fixed charges and debt retirement, are allocated as taxes to the several towns on the basis of relative budget expenditures for their own municipal activities. The work of the planning commission is largely integrated with the Bureau of Public Works; it has the same manager, and its costs are allocated as taxes on the same basis.

#### **The Boston District<sup>a</sup>**

The history of the well known

Metropolitan District Commission, Commonwealth of Massachusetts, dates back at least to 1895 when the Metropolitan Water Board was created by act of the legislature. This body took over from the city of Boston all the water works and storage outside the city limits, also the Chestnut Hill reservoir within its limits.

Later the Metropolitan Water and Sewerage Board was formed, and in 1920 by an act of the legislature the present Metropolitan District Commission was established.<sup>4</sup> This took over the construction, maintenance and operation of the metropolitan systems for water supply, sewerage plant, and parks. Each division operates with its own management and personnel. On the basis of its last published report, for 1939, it serves a total of 43 cities and towns. Of this number 20 are supplied with water, 34 with sewerage service, and 38 with park facilities.

The water system furnishes collection, storage, purification and transmission. Bulk water is delivered to the individual municipalities which have their own distribution systems, fix their own rates and collect their own revenues.

Each city or town within ten miles of the State House in Boston is entitled to join the water district under prescribed conditions, and fifteen more may join when they desire.

Construction is financed through bond issues. Interest and retirement provisions, together with the cost of

<sup>a</sup>Data obtained from D. M. Sullivan, Water Division Engineer, Public Works Department, Boston, Mass.; and from the 1939 report of the Metropolitan District Commission and Public Document No. 92, Commonwealth of Massachusetts.

<sup>4</sup>See also "Half Century—Half Measure," by Richard A. Atkins, the REVIEW, March 1944.

maintenance and operation, are assessed by the treasurer and receiver-general of the Commonwealth upon the municipalities involved, one-third on the basis of tax valuations and two-thirds on the basis of water consumption. The storage capacity in 1939 was 82,545,000,000 gallons.

The 1926-1927 legislature created also the Metropolitan District Water Supply Commission for the purpose of constructing new water works; these are turned over to the Metropolitan District Commission for operation. The latter also owns and operates two hydro-electric plants by means of water discharges from the reservoirs.

The metropolitan sewerage district is organized, financed and managed similarly to the water division. It provides, maintains and operates trunk sewers and disposal plants, while the local systems belong to the member municipalities. The interest and debt retirement costs are assessed to the members on the basis of property valuations, while the operating expenses are apportioned according to population.

The metropolitan park division provides, maintains and operates the parks and recreation centers for member municipalities, including bathing beaches and golf courses for which, in some instances, moderate charges are made. Annual cost assessments are based in part upon tax valuations and in part upon population, but apportionments are made also to take into account special local conditions.

As to organizational setup, the Metropolitan District Commission

consists of a chairman and four other members appointed by the governor for overlapping terms of five years. It maintains a joint administrative department, but otherwise each division has its own employees. While its activities pertain to the Boston district, it is in reality a special commonwealth department in regard to control and financing.

#### **Buffalo District<sup>5</sup>**

The Buffalo Sewer Authority is a public benefit corporation created in 1935 by a special act of the New York legislature. The reasons for its establishment were (1) to provide trunk and other sewers, including drainage, and to construct treatment plants so as to eliminate dumping of sewage into the Niagara River, and (2) to provide means of financing.

The sewerage system had been owned and operated by the city of Buffalo which, under the state constitutional debt limit, was unable to finance the necessary plant facilities required for modern sewerage and waste disposal. The authority was permitted to issue bonds which were defined by the act as not constituting debt of the city. It had issued a total of \$10,365,000 bonds up to June 30, 1943, and had received a federal grant of \$6,728,000. It took over all existing city sewers and is operating the entire system. This includes connections with five outside municipalities served under contracts; all municipal corporations in Erie County may be served.

<sup>5</sup>Information obtained from Francis J. Downing, General Manager, Buffalo Sewer Authority, and from published reports.



The authority is limited to a life of five years or until all its bonds and liabilities have been paid in full; the last maturity of the bonds outstanding is 1966. When it ceases to exist its powers, properties and operations will pass to the city.

The authority is really a special city agency rather than a district body, but, as already stated, it does furnish some metropolitan service. Its control rests in a board of five members appointed by the mayor for three-year staggered terms. The board appoints the general manager, who is in charge of the operating personnel of 241 persons. Its activities are closely coordinated with those of the city.

The authority is operated on a financially self-sustaining basis. Interest on bonds, retirement provisions, all operating expenses and carrying charges are covered principally by two forms of revenue. Of the total about 45 per cent is derived from charges based upon assessed real estate valuations, and about 55 per cent from sewer rents based upon quantities of water consumed. Assessment bills are sent out annually with the city tax bills, and sewer rents are included with city water bills. Rentals for services outside the city limits are double those within, except where other agreements were taken over by the authority. All collections are received and reported through the city treasury, but monies and all financial transactions for the authority are kept separate.

#### **Chicago Drainage District<sup>a</sup>**

##### **The Sanitary District of Chicago**

is a municipal corporation organized under an act of the Illinois legislature and established by a referendum vote of the people within the district, which includes the city of Chicago and some sixty other cities and villages in Cook County—approximately half the county area.

The organization deals with the sanitation and drainage needs of the territory. It has all the necessary powers to acquire, construct, finance and operate the extensive facilities required. Its plant and equipment include canal and channel improvements, sewer systems, pumping stations, four large sewer treatment works, and miscellaneous structures and equipment, aggregating a total cost of about \$250,000,000. Included also are two hydro-electric stations which utilize the drop in the main channel connecting the Chicago and the Illinois Rivers. The power generated in 1943 amounted to about 108,000,000 kilowatt hours, and was used mainly for pumping and other district operations. The electric division has a separate utility status and is subject to general state regulation. It also purchases power and sells to other municipal corporations and to some extent to commercial consumers.

Plant construction, additions and improvements are financed generally through bond issues, of which \$95,000,000 were outstanding on January 1, 1944. Interest on the bonds and the retirement provisions, also operating expenses and other fixed charges, are assessed mainly as taxes

Buehler, Attorney, The Sanitary District of Chicago, and from published reports.

<sup>a</sup>Facts obtained from Mr. Ernest

upon the property valuations within the district through the county clerk of Cook County. There are also revenues from the sale of fertilizer and electricity and from other sources.

The district is under the control of a board of trustees of nine members, three elected every two years for a term of six years. The board selects its own president, and appoints an attorney, a chief engineer and a clerk who are the department heads and are responsible for the details of planning, construction and operation. Physical activities are conducted within three divisions: (1) design, construction and sanitary, dealing with plant additions and improvements, (2) maintenance and operation of the sewer system, treatment plants and all other sanitation properties, and (3) operation and maintenance of the electric division.

#### **Oakland, California, District<sup>7</sup>**

The East Bay Municipal Utility District was organized in 1923, under the provisions of the California Municipal Utility District Act of 1921, to provide adequate water service for the area on the east shore of San Francisco Bay. It included originally the cities of Oakland, Richmond, El Cerrito, Albany, Berkeley, Emeryville, Piedmont, Alameda and San Leandro, and subsequently annexed six county water districts and a large area of adjacent unincorporated territory. At present it covers nearly 200 square miles with a population of about 550,000.

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<sup>7</sup>Data obtained from J. S. Longwell, and from an article by Mr. Longwell in the November 1941 issue of *The American Water Works Association Journal*.

The district was established to furnish a public corporation through which an adequate water supply could be developed and brought from a distant source. The locality had been served by a private company which had nearly exhausted local supplies and was not financially or otherwise able to provide the needed outside supplies. The district voted bonds up to \$39,000,000 for new construction, and \$26,000,000 for purchase of the private systems.

New development included the construction of the Pardee dam on the Mokelumne River, about 100 miles northeast of Oakland, with reservoir capacity of 68,000,000,000 gallons, a power plant with a capacity of 16,000 kilowatts, an aqueduct 93 miles long to carry water to the district territory, and other facilities needed for delivery to the distribution system. To a large extent also the purchased properties had to be rebuilt to conform to modern service standards.

The district owns and operates its properties and has financed them. Interest and bond retirement charges are assessed partly as taxes on the property owners within the district. The rest, together with operating expenses and other fixed charges, are covered principally by revenues from water and power sales and from miscellaneous receipts. For 1941 the total costs were estimated at \$7,141,000, of which \$5,260,000 was expected from water sales, \$381,000 from power sales, \$945,000 from taxes, and the balance from a variety of sources. The same rate schedule applies to all customers, although



because of the topography there are wide variations in service conditions.

Control is lodged with the board of directors of five members, each elected at large for five-year overlapping terms, whose salaries are nominal. The operating organization is headed by the chief engineer and general manager. Except for department heads personnel is under civil service.

#### Los Angeles Water District<sup>a</sup>

The Metropolitan Water District of Southern California is a municipal corporation, organized in 1928 under a special act of the California legislature. Its purpose is to construct, finance and operate facilities required to convey water from the Colorado River at Boulder Dam to the cities concerned. The district includes Los Angeles and twelve other cities, also one municipal water district, a total area of 626 square miles and an aggregate population of about 2,500,000.

The fiscal year ended June 30, 1943, was the first full year of operation. During that year the district delivered an average of about 14,000,000 gallons of water a day. It supplies the water in bulk to the municipalities and areas within its limits, which in turn distribute to individual consumers.

District properties include the main Colorado River aqueduct, pumping plants, electric transmission lines, communication lines, reservoirs, water softening plant, and distribu-

tion connections. The aggregate plant costs are about \$190,000,000, financed by district bonds, of which \$186,000,000 were outstanding on June 30, 1943. Total assets stood at \$240,000,000; net district worth above bonds, current liabilities and reserves, amounted to \$50,000,000.

Along with its water rights in the Colorado River, the district has also hydro-electric power rights for which it is obligated to pay regardless of the amount of use. Generation is conducted by the U. S. Bureau of Reclamation. In 1943 the total district obligation was 1,511,000,000 kilowatt hours, of which 61,000,000 kwh were used by the district and 1,450,000,000 resold chiefly to war industry, especially for the production of magnesium. The availability of district water and electricity has been a large factor in the location and expansion of war production within the coastal area.

The district is governed by a board of twenty directors, seven from Los Angeles and one each from the other thirteen municipal units. They are appointed by the chief executive officers of the member municipalities, with approval of the local councils. Voting power is distributed on the basis of one vote per \$10,000,000 of assessed valuation. The board has a chairman, a vice chairman, and secretary, each elected biennially by and from the members, all serving without salaries. The board is grouped into six regular committees: engineering and operation, finance and insurance, land, legal and claims, power, and water problems and public relations. The business is admin-

<sup>a</sup>Information obtained from Julian Hinds, General Manager and Chief Engineer of the District, and from published reports.

istered by a staff of officers responsible to the board—general manager and chief engineer, general counsel, controller, and treasurer.

Operating expenses, interest and provision for bond retirement and other charges are paid chiefly out of taxes assessed upon the constituent municipalities, and in part by revenues realized from the sale of water to non-member users, sale of electric power, and miscellaneous sources. During the fiscal year 1943 tax collections amounted to \$9,642,000, and other income receipts to \$921,000. Disbursements aggregated \$10,234,000, including \$7,175,000 for bond interest.

#### Questions of Organization

The six districts surveyed present the principal types of organization and control which may be considered in any new district proposal. In any such proposal the chief questions that arise are these:

First, the district must have adequate legal powers to attain its purpose. Is there an enabling statute? If so, is it adequate or should it be amended to permit proper organization and management?

Second, there must be a board of directors which is responsible and accountable to the district, and which has control of the properties and the management. What should be the size of the board? Should it be elected or appointed? If elected, should the vote be by subdivisions, or for the district as a whole. If appointed, should the selection be made by the governor of the state

or by the constituent municipalities? If by the governor, what special provisions should be made for local participation in formulating policies and overseeing results? If by the municipalities, what protection is needed against political pressures which may produce inefficiency and favoritism?

Third, as to financing, should the district have independent power to place taxes upon the area either for plant acquisition or for the payment of annual costs? Should it be limited to bond issues for plant financing? If so, should the security of the bonds rest exclusively upon the revenues received for service, or should it be supported partly or wholly—or potentially—by taxes levied by the district or by the constituent municipalities?

Fourth, for operation, should rates be fixed to pay the cost of service, including interest and other fixed charges and provisions for debt retirement, so as to make the utility financially self-sustaining, or should these costs be borne partly or wholly by taxes levied either by the district or by the constituent communities?

The answers to these and other questions will depend to a large extent upon local circumstances. However, broad general policies can be presented on the basis of analyzed experience. In the concluding article I shall venture to suggest the kind of provisions which should be applicable to most district plans of organization, with such adjustments as the special circumstances may require.

# On the Local Front

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Prepared by the Federal Security Agency  
Paul V. McNutt, Administrator

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ZILPHA C. FRANKLIN, Editor

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## *The Community's Stake in Vocational Rehabilitation*

**F**INE mechanical designing in an eastern arms plant is done by a young fellow using an appliance in place of a right hand. A former tree surgeon—a middle-aged man seriously injured in a highway accident—grinds lenses for Navy binoculars. Two youngsters discharged by the Merchant Marine following spinal meningitis are apprentices of the printing trade in the plant of a southern newspaper. A Negro boy operates his own shoe repair shop from a wheel chair. Blind men burr and assemble parts for airplanes in major aircraft plants; others are riveters and spot welders.

These people and thousands of other men and women like them—victims of accidents and illness—have been restored to normal lives; they are holding their own in competition with able-bodied workers, asking no odds, helping to swell the volume of war production and to keep the wheels of essential business turning.

According to the National Manufacturers' Association, 83 per cent of the nation's industries are now employing handicapped persons. Some 30,400 disabled men and women have entered the federal service in the past twenty months—in heavy government industries, in professional positions, and in clerical jobs.

The increase in the ranks of the disabled employed in war plants and business shops stems from the necessity of tapping every source of manpower to meet the critical wartime shortage and from twenty years' pio-

neer experience in the rehabilitation of the disabled. The search for additions to the labor force uncovered a vast number of persons whose abilities can be utilized by removing the obstacles to their employment.

As a natural next step, Congress has expanded the vocational rehabilitation program—taking into account the limitations of earlier legislation and the unmet needs of the disabled, as well as their potentialities as a reservoir of manpower. With this new legislation, recruitment of handicapped workers was organized through cooperation of industrial management, governmental rehabilitation and placement agencies, and many voluntary agencies.

Disabled workers themselves have played an important part in this effort to aid in the war emergency by rolling up a remarkably favorable record on production, absenteeism, labor turnover, and accidents.

### **Rehabilitation Services**

Under the new and expanded program authorized just a year ago by the Barden-LaFollette Act, all the services are available that are necessary to enable disabled persons to engage in remunerative employment or to get more advantageous employment. These services include medical and surgical care, hospitalization, physical and occupational therapy, prosthetic appliances, vocational counseling and training, maintenance during training, placement in employment, and supervision in employment until adjustment has been made.



For a disabled person to be eligible for vocational rehabilitation, his disability must be an employment handicap; it must also be a relatively stable one and remediable. Pre-determined financial need with regard to physical restoration and maintenance during training must be taken into consideration. The terms of providing physical restoration also clearly differentiate this phase of service from a general medical care program for acute illnesses and from a program of long-term care of chronic illnesses.

Fortunately, the program now includes the mentally as well as the physically disabled. Specific provision has been made for the blind; for war-disabled civilians, including merchant seamen, and for civil employees of the United States government injured in the performance of duty. The program extends aid to all men and women injured in industry, or by accident, or by illness, or impaired by congenital defect.

### **How the Program Operates**

Forty-seven states, the District of Columbia, Hawaii and Puerto Rico are taking part in the program. Operation rests with the State Board of Vocational Education through its division of Vocational Rehabilitation and the state agency for the blind. The Federal Office of Vocational Rehabilitation is responsible for establishing standards in the various areas of service, for giving technical assistance to the states, for approving state plans which meet the requirements of the authorizing act of Congress, and for certifying federal grants-in-aid to the states.

Instead of attempting to create new facilities, or equip one agency for the total job, existing public and private facilities and all available service resources are utilized. Training is se-

cured from public and private schools, vocational training courses, and in-service training on the job. Medical and surgical diagnostic services and treatment are purchased or secured from practicing physicians, and hospital care from both public and voluntary hospitals. Jobs are found in private business and government on the customary business basis.

### **Community's Part**

Rehabilitation can be really effective only if communities and their government agencies understand the purposes and processes of the service and how to use it in the solution of disabled persons' problems. It also needs the support of individuals and organizations. Restoring the disabled to productive usefulness is a two-way process of cooperation between the State Rehabilitation Agency and each community within that state. Communities may draw upon the rehabilitation agency for professional consultative services to help salvage and conserve manpower. For example, assistance may be given in making plant surveys to determine suitable jobs for disabled persons. Schools and hospitals may secure specialized counseling for handicapped pupils and children. Aid may be obtained in the operation of vending stands by blind people in public buildings, or interested community groups can get advice on setting up sheltered work shops for those too disabled to work elsewhere.

From the rehabilitation standpoint, every assistance is needed in locating disabled persons in need of service, and in identifying community services and employment possibilities. Data on the personal, medical, and psychological backgrounds of individuals must be obtained from many sources. It is often necessary to adjust or, if possible, eliminate personal or home factors

which may interfere with satisfactory rehabilitation. This can usually be best managed through local agencies. Communities may sometimes find it necessary to arrange maintenance for a person's family during rehabilitation, since the rehabilitation agency can only supply maintenance for the disabled person himself.

#### **Local, State, Federal Cooperation**

The backlog of disablement and its current increases represent a bigger problem than most people realize. There were in the United States, when the war began, some eight million men with physical disabilities affecting their employability; two million of these were urgently in need of rehabilitation. The normal annual increase of persons completely unemployable unless rehabilitated is estimated at 100,000; but because of the masses of inexperienced workers entering industry, the disablement of men in military service, and the increased mental and physical strains of wartime, this rate has risen rapidly. The injury total for 1943, as reported by the Bureau of Labor Statistics, is about 6 per cent higher than for 1942; the most marked upswing occurred in manufacturing, with an increase of 26 per cent, but home and agricultural accidents also increased sharply. It is estimated that 10 per cent of all the men in the armed forces will be discharged with some form of disability. If one and one quarter million men coming out of the war with disabilities are added to disabled civilians, the magnitude of the problem is self-evident.

For every person permanently disabled, some form of support must be provided. In the past this has too often meant general public assistance, not only for the disabled individual but also for his family, with the burden falling mainly on the local assistance rolls. The average yearly cost of such aid is from \$300 to \$500. Vocational rehabilitation costs on the average \$300; and this is, furthermore, a non-recurring expenditure.

The results of these services, measured over a one-year period, show the returns that accrue from this investment: 42,618 disabled persons—some 16,000 of them with dependents to a total of 36,131—were rehabilitated into employment during the fiscal year 1943. Of this number, 31 per cent—or 13,056—had never been employed; 85 per cent were unemployed at the time of applying for rehabilitation. The average weekly wage of the 15 per cent who had employment, including those on work relief programs, was \$18, and their total earnings were \$5,913,648. As against this sum—which represented the entire amount earned by this group of more than 42,000 disabled individuals—their combined earnings after rehabilitation came to \$65,165,828—more than a tenfold increase.

These figures challenge community, state, and nation. The state and federal pattern is set for a realistic attack on disablement. Many communities are organized to coordinate local efforts and integrate local, state, and federal services. Every community needs to become a partner in this enterprise.

# Contributors in Review

FOR an account of the career of **John Bauer** (*Utilities Organized by Districts*), see the REVIEW for June, page 301.

AS CITY HALL reporter for the *Milwaukee Journal*, **Lloyd Gladfelter** (*Milwaukee Goes Debt Free*) has covered Milwaukee's successful struggle to rid itself of its debt. A graduate of the University of Wisconsin's School of Journalism, Mr. Gladfelter has been in the newspaper world since 1918. He was formerly with the *York (Pa.) Gazette and Daily* and the *Wilmington (Del.) Morning News*.

WELL known in the municipal consultant field are **Thomas H. Reed** and **Doris D. Reed** (*20 Years Forward in Cincinnati*). Dr. Reed, formerly professor of political science at the University of Michigan, has conducted many local government surveys for the National Municipal League's Consultant Service. He was director of research for the Pennsylvania Commission to Study Municipal Consolidation in Allegheny County and the City and County Metropolitan Development Committee of St. Louis, director of studies of the Republican Program Committee, and is now with the Connecticut Public Expenditure Council as municipal government counsellor. Mrs. Reed was formerly with the Citizens League of Cleveland, thereafter spending several years in organization work with the Philadelphia Conference on Government, the Allegheny County Metropolitan Plan Commission, the Philadelphia Charter Committee, and the Committee on Political Education of the American Political Science Association. She directed the "You and Your Government" radio program sponsored by the National Advisory Council on Radio in Education, the National Municipal League and others, and has participated in many of the surveys of the League's Consultant Service. She is with the Connecticut Public Expenditure Council doing research on Connecticut local government.

GROWING up in Cincinnati when the Hynicka-Cox regime was in its heyday, **William M. Tugman** (*By Their Own Bootstraps*) was early initiated into the mysteries of "machine" politics. On graduation from Harvard he promptly got into newspaper work and served with the *Springfield Republican*, the *Cleveland Plain Dealer*, and other dailies. Usually covering the city hall beat, Mr. Tugman has had ample opportunity to observe municipal affairs. Now managing editor of the *Eugene (Oregon) Register-Guard*, he has been among those responsible for the recent strides in his city and county of which he writes.

— Buy United States War Bonds and Stamps —



# Letters to the Editor

To the Editor of the  
NATIONAL MUNICIPAL REVIEW:

The retirement on July 1, 1944, of Miss May B. Upshaw as director of examinations for the New York Municipal Civil Service Commission brings to mind that she was the first woman to hold so important an administrative position in the New York Civil Service Commission, and probably the first of her sex to be honored with such high office in the public personnel field.

Miss Upshaw's long service with the city has been a creditable one. It has been a steady climb, often against great odds and prejudices, for while women were generally permitted to compete in civil service examinations, they were usually excluded from the more responsible key positions.

Miss Upshaw started with the New York Commission as a civil service examiner about 35 years ago, although she had originally entered the service by way of a test for chemists shortly after she was graduated from college. For fifteen years she was assistant director of examinations under the late Thomas E. Murray, and succeeded him in 1935. She was in charge of the planning and management of civil service tests for the New York City service and later virtually acted as general manager of the examination activities of the Commission. One of her great services has been her courage and integrity in holding out against graft and corruption in the early days of the Commission, and in keeping the merit system out of politics. She showed unusual capacity for enlisting the services of prominent educators and public-spirited and competent professional men in the civil service examinations, and for stirring up their social consciousness to give their services to the city.

Miss Upshaw epitomized the tireless effort and high standard of integrity which professional women in the public service have brought to it. She deserves well of a grateful public for her contributions in the field of public personnel administration. I speak from personal experience since Miss Upshaw was my valued aide when I was civil service commissioner.

RICHARD WELLING, *President*  
Civil Service Reform Association

To the Editor of the  
NATIONAL MUNICIPAL REVIEW:

I was very glad to see your editorial in the July number of the NATIONAL MUNICIPAL REVIEW on "Wanted: Better Politicians." I believe that the only chance for good government lies in persuading young men and women of high character and intelligence to take an active part in politics and run for office.

An Anglican clergyman of Manchester, England, who seemed to me a man of extraordinary ability and intelligence, said recently at a meeting here that one of the great differences between politics in this country and in Great Britain was the fact that young people of standing were educated to go into civil service and directly into politics in Great Britain. They have a tradition which makes such a course a natural one for them. There is certainly a great need both to stir up voters to take a proper interest in their civic responsibilities and to run for office when it is possible to do so.

I hope the REVIEW can hammer on this subject. It will be necessary to make it a matter of major and frequent attention if any result is to be achieved. Our indifference to everyday politics is frightful.

JOHN M. GLENN  
Russell Sage Foundation

# News in Review

## City, State and Nation

*Edited by H. M. Olmsted*

### Transition Problems Face Local, State, National Governments

#### ***Unemployment Compensation and Surplus Property Debated***

WITH one phase of war-to-peace re-conversion—the problem of termination of wartime contracts—partially crystallized, attention of national legislators and state and local officials has centered more on two other outstanding phases: unemployment compensation and other means of bridging the unemployment gap, and disposal of the huge federal war surplus of many kinds of property.

The question of unemployment compensation payments to discharged war workers has been attended by controversies both as to amount of such benefits, for the purposes of preventing distress and maintaining mass purchasing power, and as to the agencies for administering the benefits. Opposing views have been typified by those of Senator Walter F. George of Georgia, chairman of the Senate Finance Committee, and Senator Harley M. Kilgore, West Virginia, of the Military Affairs Committee. Senator George would leave the unemployment compensation program up to the states, without supplementary payments from federal sources; but he would have the national government guarantee the solvency of state unemployment funds, now said to total over \$5,000,000,000, by federal non-interest loans, and provide for unemployment compensation for certain federal workers not now covered.

The Kilgore provisions for fed-

eral determination of payments, more liberal in amount than the George recommendations for war workers, with state allowances to be supplemented by federal funds, were decisively defeated in the Senate; but several other Kilgore proposals were incorporated in the George bill and adopted. They include retraining of war workers and service men and aid for reemployment, under supervision of a national work administrator. The George bill also provides for federal loans to states, on a population basis, for public works.

On August 15 the House Postwar Committee recommended immediate action by the states to enlarge the scope of their unemployment compensation systems as to both duration and level of benefits. The Social Security Board was stated to have estimated that funds are adequate in most states to provide increased benefits during the reconversion period. The present maximum is \$20 a week, in three states; 25 states have a \$15 maximum, with others \$16 to \$18.

#### ***Federal Surplus Property***

Although proposals of the Surplus War Property Administration have not been especially preferential to state and local governments strong opinion exists in favor of preferences in time and price for local governments to acquire needed portions of the surplus which is estimated in astronomical figures. The position is taken that the taxpayers have paid for the surpluses and the local governments supported by the same taxpayers should benefit therefrom rather than private interests.

The executive committee of the American Municipal Association, representing state leagues of municipalities, has recommended the following:

Where no state agency is estab-

lished to facilitate distribution of federal surplus to public agencies, the federal government should set up an appropriate agency.

Provision for notice and practical means of advice as to what federal surplus property is available.

Time preference to be given governmental subdivisions in the disposition of such property.

The War Production Board should make allocations of materials for governments;

Price preference should be given governmental subdivisions, but under administrative direction.

Federal surplus property should be allocated to governmental units on a formula basis in the period of short supply.

While under some conditions and in some situations outright grants to governmental units will undoubtedly be desirable and possible, the association does not recommend general distribution on a gift basis.

The Municipal Finance Officers Association, basing its views on reports from local finance and purchasing officials throughout the country, suggests a program some of the provisions of which are:

State and local government units be given priority over civilian buyers.

All offerings be made in terms of units rather than on lot basis.

Tax-supported agencies should be given a price preference.

Federal procedures should be changed so that bid deposits are not required of tax-supported agencies and that bids may be accepted on the basis of a certified order. Payment should be made upon receipt of materials purchased. The purchasing governmental unit should receive final title to the goods upon acceptance of the bid and without waiting for approval of the U. S. comptroller-general.

The materials should be offered gradually, according to perishability and obsolescence factors; such a procedure would not tend to disrupt the market or place too heavy a financial burden on the cities during any one fiscal year.

The states might provide a revolving fund to make purchases for smaller communities.

### ***Rhode Island Rushes Soldier Vote Amendment***

The problem of enabling soldiers to vote in the 1944 election, which was faced by the general assembly of Rhode Island when it convened last January, was one for which there was no easy solution.

The Governor and legislative and party leaders found that registration and voting provisions were inextricably entwined in the state's century-old constitution. Legislation by the general assembly would not suffice to give military absentees the vote.

Article XIII of the constitution, governing the subject of amendment, calls for passage of an amendment by two independently elected legislatures, with ultimate ratification by the people at an election. Presumably the general assembly which would have to pass the amendment the second time would be elected at the very election in which it was desired that the absentees have the opportunity to vote.

A constitutional convention was the only hope, if the silence of the constitution as to such a convention implied permission. Despite a long history of opposition to such conventions, despite the expense incident thereto, and despite legal doubts—the Supreme Court in the past having rendered advisory opinions both denying and upholding the convention method of amendment—the convention plan was embarked upon.

In the short period from January to April the following events took place: (1) The general assembly by resolution authorized a special election for purposes of approval of a convention and election of delegates thereto; (2) The special election was held, the people approving by an overwhelming



margin; (3) The convention met and adopted an amendment vesting in the general assembly broad powers over the soldier vote problem; (4) A second special election ratified the convention's work; (5) Pursuant to the power thus granted, the general assembly then enacted perhaps the most liberal and far-reaching service vote provisions to be found anywhere in the country. Thus astute, bipartisan leadership overcame all obstacles.

JOHN W. LEDERLE

Brown University  
Providence, Rhode Island

### ***Limited Merit System for Missouri Constitution***

The Missouri Constitutional Convention has adopted a limited state civil service provision covering employees of the state eleemosynary, penal, and reformatory institutions.

According to the Civil Service Assembly of the United States, the civil service section provides that all employees of these state institutions, and other state employees as may be required by law, shall be selected on the basis of merit, ascertained as nearly as practicable by competitive examinations. Provision is also made for veterans' preference in examination and appointment for all honorably discharged members of the armed services who are citizens of Missouri. If approved by the voters when the constitution is submitted, the provision will place approximately 3,000 additional state employees under civil service.

A proposal for the creation of a state department of personnel to administer a statewide merit system was rejected by the convention on June 22 after the limited civil service section was adopted. The method of administration for the proposed merit system is thus left to future determination.

### ***New Jersey Strengthens Fire and Police Pension Systems***

In its recent enactment of legislation creating a state pension system for municipal policemen and firemen, New Jersey has taken a third important step toward providing sound pension coverage for all classes of public employees in the state.

The first step was taken in 1919, when New Jersey's school teachers were blanketed into one statewide pension fund; the second in 1921, when a retirement system for employees of the state government was created; later on this latter fund extended coverage to employees of municipalities and counties where the voters approved.

Like the teachers' and the state employees' funds, the new system for policemen and firemen is established on an actuarial reserve basis, and is administered by a non-political board of trustees.

Heretofore New Jersey's police and firemen participated in municipal pension systems which were established by local referenda under a state law enacted in 1920, which stipulated the benefits and how the local funds were to be administered and financed, but provided for no state supervision.

In 1932 a legislative commission studying public pension finances reported that the assets of an ever-increasing number of the local police and firemen's systems were becoming depleted. The commission unsuccessfully urged the establishment of a single statewide system to replace the local funds.

In September 1942 the increasing gravity of the problem was dramatized in a survey report of the research department of the New Jersey State Chamber of Commerce, which disclosed that more than a third of the 190 existing funds were already bankrupt, with all the rest headed toward ulti-

mate insolvency, and described the many kinds of political abuses which had arisen in the granting of pension benefits in many places as a result of localized control.

The chamber's Cost of Government Committee called upon the legislature for a sound statewide system on actuarial principles. The New Jersey Taxpayers' Association, the League of Municipalities and other citizens' and business groups supported this proposal. Responsible leaders of the state's firemen's and police associations, reading the handwriting on the wall, consented to join with representatives of the other organizations in a study of the problem.

An informal committee was formed and legislation which was finally passed in May of this year represented the fruits of its long labors.

The enactment of the new measures was vigorously resisted by the political machine of Mayor Frank Hague of Jersey City and its satellites in Middlesex, Camden and Atlantic Counties, but Governor Walter E. Edge made the legislation a part of his administration program. The bills were publicly approved by the firemen's associations, and were known to be favored by a large number, if not a majority, of the policemen throughout the state.

The new legislation provides for the eventual liquidation of all existing funds. Present members thereof are to contribute 5 per cent of their salaries hereafter, instead of 4, and must serve for at least 25 years, and up to age 53, before they may retire on a service pension. Some benefits are reduced, but members who retire on service pensions or on service-connected disability pensions, and the families of those who die in the line of duty, will receive substantially the same benefits as before.

State aid amounting to \$1,000,000 annually is provided for the dwindling

reserves of the old funds, thus giving greater assurance that the statutory benefits will be paid in full when due.

Newcomers into the police and fire departments must join the new state system, and contribute from 6 to 9 per cent of salaries, depending on starting age; the employing municipality pays an equal amount, and also covers the accidental disability and death benefits. The state pays the administrative expenses of the system.

ALVIN A. BURGER

Director of Research

New Jersey Chamber of Commerce

### ***In-Service Training Institute for Michigan State Employees***

The Michigan State Civil Service Commission has established an in-service training institute for state employees which will be opened formally this month, according to the Civil Service Assembly of the United States and Canada.

Among the more than twenty courses offered during the first quarter beginning in September are governmental accounting and elementary statistics for employees in many departments, dietetics for cooks in state institutions, farm reports for farm managers in the state prisons and hospitals, dairy inspection for the agriculture department, and a variety of similar courses. The child welfare training program inaugurated last January by the state Department of Social Welfare, in cooperation with the graduate school of the University of Michigan, will be continued and a curriculum at the university will be established for psychiatric social workers.

The institute was established as a section in the technical division of the Michigan Civil Service Commission and will be supervised by the chief of the training section who will be assisted by an advisory council set up to

guide the work of the institute. The advisory council is made up of the presidents of the University of Michigan and Michigan State College, the state superintendent of public instruction and the Lansing superintendent of schools.

The Civil Service Commission and the educational institutions represented on the advisory council will all contribute to the training program, each furnishing the type of training for which it is best equipped. For example, the Lansing school system will be used for the more elementary levels of training, Michigan State College for specialized courses, and the university for professional types of training. Students may take courses for credit or without credit as their individual cases may require.

One feature designed to add flexibility to the plan is that participating institutions have designated only over-all credit hours of training as available, rather than a specific number of hours in a specific subject.

### ***Training Courses of New York Institute***

At the twelfth annual meeting of the Municipal Training Institute of New York State, connected with the State Conference of Mayors, it was reported that in the past year 64 schools for ten groups of officials had been held and extension service provided for nine groups: 15,278 municipal officials and employees participated in the program.

A training school for municipal finance officials broke all recent records, with a total attendance of 96 officials. The state comptroller's office cooperated in the instruction.

Six training schools for city and county civil service commissioners were held during July, with 219 in attendance at one-day sessions in six cities.

In the previous month a three-day school for city and village clerks was held in Syracuse.

Ten one-day regional institutes for city and village elective officials and department heads will be held between September 12 and November 17.

### ***Oregon League Urges State and National Planning Legislation***

At the annual convention of the League of Oregon Cities resolutions were adopted recommending state legislation to increase the authority of city planning commissions over land subdivision in suburban areas and creating county planning commissions with authority to control land use in such areas; and the establishment by the federal government of a national planning agency to coordinate the plans and activities of federal, state and local agencies. The league also proposed that preference be given state and local governmental agencies in the disposal of surplus federal property.

### ***Eight States Join to Aid Crop Picking and Processing***

An agreement involving the recruitment and movement of workers to meet labor needs of food producing and processing industries along the Atlantic seaboard has been made by eight eastern states, as reported by the Council of State Governments. Cooperating with the states are the War Manpower Commission and the extension service of the U. S. Department of Agriculture.

Delaware, Florida, Maryland, New Jersey, North Carolina, Pennsylvania, Virginia and West Virginia were the states taking the action, made necessary by a scarcity of approximately 39,000 agricultural workers and workers for processing perishable agricultural products.

Crops include beans, cherries, peaches, tomatoes, citrus fruits, etc.—80 per



cent of which are assigned to the armed forces and lend-lease. Dislocations brought on by the war have upset the normal migration of this type of labor.

All interstate recruitment will be done by or under the direction of either the U. S. employment service (for processing labor) or the extension service (for field labor) after proper clearance through the governor's office. No worker will be transferred from an area where he is engaged, or about to be engaged, in essential work. The agreement safeguards individual state or local labor needs.

All reasonable measures are to be taken to assure the return of workers to their homes when their respective jobs are completed.

### **Council-Manager Plan News**

**Moberly, Missouri**, adopted a manager charter on July 19 by a popular vote of 1,477 to 1,056. An election of councilmen is to be held by mid-September to put the plan into operation.

**Berkley, Michigan**, recently defeated a manager charter proposal by a margin of 125 votes.

By a vote of 843 to 92 **East Lansing, Michigan**, adopted a manager charter drafted by a nine-member charter commission. The charter became effective immediately as to the manager provision but the present mayor and aldermen will continue in office until the spring of 1945.

The International City Managers' Association has added **Ontario, California**, to its official list of council-manager cities. Ontario has operated for several years with a virtual city manager, whose authority and responsibility were not defined by ordinance. He held the positions of city engineer, superintendent of streets, parks and water, purchasing agent, building, plumbing and electrical inspector, etc.

On June 5 the council adopted an ordinance formally establishing the office of city manager and specifying his powers and duties. He retains the offices of city engineer and purchasing agent, but new positions of administrative assistant and superintendents of water, sewers and streets, of the service department and of parks and farms are created. The manager employs the heads of departments and is the administrative head of the city, except for the police and fire departments, and the city clerk, city attorney, city treasurer and city judge.

**Niagara Falls, Ontario**, which had been operating without a manager since 1937, has appointed a manager and has been restored to the ICMA official list.

**Forest Grove, Oregon**, which has operated under a city manager ordinance since 1938, adopted a charter amendment on July 10, establishing the manager plan, by a vote of 180 to 28. The council selects the manager and recorder; the manager, who appoints the other employees, may be from anywhere in the United States, which was not the case formerly. The incumbent manager is to continue.

An ordinance to provide the council-manager plan in **Pasco, Washington**, was defeated at a special election on August 3 by a vote of 498 to 100.

Interest in the manager plan for **Indianapolis, Indiana**, is again evident, with a visit of officials of that city, together with the Republican county chairman and a Chamber of Commerce research expert, to Cincinnati, Ohio, to observe the operation of the manager plan, particularly as to personnel administration. A job and salary survey has recently been completed in Indianapolis, with various recommendations.

A charter revision commission has been created in **Mt. Clemens, Michigan**.

A movement for the establishment of the manager plan has been started in **Revere, Massachusetts**.

A public debate at the high school in **Malden, Massachusetts**, on adoption of Plan E—the manager plan with P. R.—was won by the affirmative.

**Fairfield, Maine**, voted at its town meeting to apply to the state legislature for a manager charter. A committee has been appointed to draft such a charter for submission at the December 1 meeting.

**La Junta, Colorado**, is considering a change to the manager plan, according to Mayor Henry G. Klein, who points out that La Junta owns the water and electric utilities, and that city officials are busily engaged in other endeavors but are not able to give enough time to work out efficiently all problems for the betterment of the community.

An advisory committee to study new forms of city government has been formed in **Texas City, Texas**.

The city of **West University Place, Texas**, adjacent to Houston, defeated a council-manager proposal at an election on July 22. **Orange, Texas**, defeated a manager proposal on July 18.

It is expected that a vote will be held soon in **Juneau, Alaska**, on the adoption of the council-manager plan.

In June twelve city managers in the greater Detroit area completed a course in local planning administration under the auspices of the State Board of Control for Vocational Education.

Renewed interest in the manager plan is evident in **Santa Ana, California**, **Orange County**, of which Santa Ana is the county seat, and in **Fresno, California**.

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### ***Municipal Leagues Arrange Postwar Planning Institutes***

In order to give practical aid to local officials concerned with postwar plan-

ning, without undue loss of their time, the League of Wisconsin Municipalities, in cooperation with the State Planning Board and the State Board of Health, conducted five one-day planning institutes in July in different parts of the state. Specialists in various fields of proposed postwar activities, and in planning and financial methods and controls, addressed the sessions. Local problems were also discussed.

The Illinois Municipal League held one-day planning institutes in May and June at Galesburg, Mt. Vernon and Mattoon, attended respectively by 89, 45, and 28 officials and members of municipal planning groups. Other meetings were in prospect.

A joint planning institute sponsored by the Missouri Municipal League and the Kansas League of Municipalities was held in May at the City Hall in Kansas City, Missouri. It was attended by 96 representatives of 40 Missouri communities and twenty from twelve Kansas communities.

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### ***San Francisco Merges Inspections, Adds to Streetcar Personnel***

Two actions of the city of San Francisco in recent months have important effects on civil service personnel.

A survey by the municipal civil service commission showed the need for consolidation of housing, industrial, food, restaurant and market inspection services. Recommendations for districting, grouping and partial consolidation were adopted. An in-service training program was conducted by the department of public health with the aid of authorities in the inspection field, and some inspectors took courses in inspection at the University of California.

Acquisition of the Market Street Railway Company and its consolidation with the municipal electric lines brought 2,285 employees into the civil

service. All employees with more than one year of tenure were blanketed into the classified service under certain residence and citizenship requirements.

### **Cities Establish All-Year Recreation Programs**

A trend toward full-time, year-round municipal recreation departments, with several or most city departments cooperating to develop a well rounded recreation program, is reported by the International City Managers' Association.

The St. Paul city council has created a recreation commission of 25 members to survey recreational facilities and programs and act as a coordinating agency to advise the proper authorities as to recreational needs. Two other Minnesota communities—International Falls and Red Wing—also recently approved the idea of year-round recreational programs. International Falls' city council is setting up a community recreation commission to be maintained jointly by the city and school board; in Red Wing voters authorized the city council and school board to provide a joint recreation program.

Two neighboring Michigan communities—Muskegon and Muskegon Heights, of 47,000 and 16,000 population respectively—adopted year-round recreation programs recently. Muskegon's total recreation budget is \$16,000, Muskegon Heights \$11,600. Both cities will appoint full-time recreation directors; Muskegon Heights has set up a department of recreation representing the city, the Board of Education and the Community War Chest.

Wilmington, North Carolina, as another example, is establishing the city's first complete recreation department, and the city council budgeted \$16,000 to help get the project started this year.

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### **Researcher's Digest**

*Edited by Miriam Roher*

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### **Researchers Study Postwar Remedies**

#### ***Civil Service, Pensions and Taxation Also Investigated***

**R**IGHT this minute it is the postwar period in a good many American communities whose part in the war production program is virtually at an end. So there is nothing premature in the studies which have begun to trickle out of governmental research agencies bearing good advice on postwar planning.

The Governmental Reference Service of the University of Tennessee called upon ten of its savants for contributions to a symposium on postwar problems of Tennessee and the nation. It is called *Homefront Planning for the Postwar Period*. Not every word in the pamphlet is startlingly original, perhaps for the obvious reason that some effective cures for what ails are likely to be simple and familiar.

On conversion of industry the advice is that a state postwar industrial planning committee be organized and father a host of similar committees in industries and communities. On farm problems the university's authority recommends dependence upon the already established agricultural agencies such as the experiment stations and the extension service. Jobs after the war, says a third scholar, may be made possible by government subsidies to maintain agreed upon normal production.

State and local government, it is reported, may be expected to exhibit a continuing trend towards centralization of governmental authority. As



for taxation, the symposium's expert proposes a reserve fund for postwar public works out of current revenue, and the use of surplus collections to eliminate the public debt.

Postwar educational problems, postwar social problems, health service after the war and the international postwar scene are also subjected to analysis in the pamphlet.

### **People**

Not so comprehensive, but perhaps more intensive, is the approach to the postwar problem in Pamphlet No. 1 of the **California State Reconstruction and Reemployment Commission**. In *How Many Californians?* the commission reports on its attempts to find out how many of the state's vast new wartime population will stay after the war, and just what they are likely to mean in terms of California's economic and social life.

From 1940 to 1944, the commission's technicians discovered, the state gained enough new people to by-pass Ohio and Illinois and become the third most populous state in the union. Most of the migrants were between 20 and 40, raised and educated, California slyly notes, at the expense of other states, but available for the greater glory of the state with the good climate—provided there are enough postwar jobs to keep them in the west.

The technicians use no less than three different methods of forecasting California's 1950 population. One attempts to arrive at the totals by developing ratios between employment and total population; another makes forecasts for each area in the state and then adds them up; a third assumes a continuation of the relationships that have existed in the past between California's population and that of the nation. The final estimate: 9,000,000 people for California by 1950,

which is half a million more than in 1944, and over 2,000,000 more than in 1940.

### **Postwar Facts**

Also from California comes the third issue of *Postwar California*, a monthly digest of information and summaries of new publications. The **Bureau of Public Administration of the University of California** reports that in connection with the publication a special card catalogue has been developed which contains more than 40,000 items relating to social and economic problems resulting from the war, and approximately 6,000 items on postwar domestic issues. The digest covers meetings, new organizations, and new publications on postwar topics and it covers them on a nation-wide basis.

A third item from California, also impinging on the postwar, is an exploration by the **Haynes Foundation** of the possibilities of *Community Development Through An Exposition for Los Angeles*. Samuel E. Lunden is author of the pamphlet.

### **Hit or Miss**

In a self-searching mood, the **Des Moines Bureau of Municipal Research** has looked upon its civil service practices in the light of the practices of such cities as Akron, Atlanta, Dallas, Dayton, Denver, Des Moines, Flint, Grand Rapids, Houston, Kansas City, Long Beach, St. Louis, Milwaukee, Minneapolis, New Orleans, Oakland, Portland, Rochester, Salt Lake City, Spokane, Tacoma, Tampa, Wichita and Youngstown. A sheaf of tables comparing the personnel activities of these cities showed the bureau that Des Moines spends less money on its civil service, and conducts its civil service affairs on a hit or miss basis in contrast to careful procedures elsewhere. The tables are mimeographed but the

conclusions appear to be a limited type-written edition.

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### **Retired at 37**

New Orleans is currently concerned with a special aspect of its personnel system—pension problems. The first of a series on this subject in the **Bureau of Governmental Research** *City Problems* is concerned with *Police and Fire Pension Systems*. By special appointment the bureau has been gathering facts for the city and reports them here for the public as well. The findings show that the lack of a minimum or maximum retirement age has made it possible for some policemen to leave the service at 37, and for others to remain in harness till they were 80. The lure of highly paid war work has hurried retirements at “absurdly early ages.” Recommendations are made to eliminate these flaws in the system.

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### **Intangibles**

Missouri has added its experience to that of other states and has come out with the flat recommendation that the state abandon the attempt to tax intangibles at the same rate as real estate and tangible personal property. The **St. Louis Governmental Research Institute** has gone exhaustively into the problem in *The Taxation of Intangibles in Missouri and the Other States*. Gross injustice and a loss of revenue are the only results of the present system of taxing intangibles, the bureau found. Recommended is a low-rate tax on capital value or a tax measured by income from intangibles, or both, instead of the present system.

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### **Reports**

Illustrative of its interest in attractive, readable municipal reporting is the *Report to Members and Friends, 1944*, of the **Connecticut Public Expen-**

**diture Council**. It is as attractive, and as attractively illustrated, as the annual report of East Hartford, Connecticut, which was inspired by the council's pamphlet on *Modernizing Municipal Reports*. The council worked with Connecticut communities not only to liven up their reports, but to further a standard accounting classification which any city could use to show citizens where their money goes. Postwar planning, exemplified in Middletown, was another major interest of the council during the year.

Attractive is also the word for a small pamphlet on the *Purposes and Program of the Rhode Island Public Expenditure Council*. An eye-catching device is used to call the reader's attention to what's inside.

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### **William S. Watson**

The world of governmental research learned with regret of the death on July 31 of William S. Watson. For many years a member of the staff of the Institute of Public Administration, Mr. Watson prepared the first correspondence course in municipal accounting, and collaborated with A. E. Buck on his *Municipal Finance* (1926). After working with Professor E. W. Kemmerer's American Commission of Financial Experts to China, Mr. Watson was invited by the Chinese government to remain for the purpose of installing accounting systems. At the time of his death he was organizing the accounts of the Russian War Relief.

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## **Research Bureau Reports Received**

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### **Directory**

**Officials of Washington Cities.** Seattle, Bureau of Governmental Research, University of Washington, May 1944. 30 pp.

### *Pensions*

#### **New Orleans Pension Problems—I.**

New Orleans, Bureau of Governmental Research, *City Problems*, May 22, 1944. 8 pp.

### *Postwar Planning*

**Community Development Through an Exposition for Los Angeles.** By Samuel E. Lunden. Los Angeles, John Randolph Haynes and Dora Haynes Foundation, 1944. 43 pp.

**Homefront Planning for the Postwar Period.** Knoxville, Governmental Reference Service, University of Tennessee, April 1944. 95 pp.

**How Many Californians?** Sacramento, California State Reconstruction and Reemployment Commission, July 1944. 23 pp.

**Postwar California.** Berkeley, Bureau of Public Administration, University of California, May 1944. 25 pp.

### *Reports*

**Purposes and Program of the Rhode Island Public Expenditure Council.** Providence, The Council, 1944. 10 pp.

**Report to Members and Friends 1944.** Hartford, Connecticut Public Expenditure Council, 1944. 26 pp.

### *State Government*

**The Office of Lieutenant-Governor in the United States.** By R. F. Patterson. Vermillion, Governmental Research Bureau, University of South Dakota, June 1944. 20 pp.

### *Taxation and Finance*

**An Analysis of the Debt, Revenues and Expenditures of the City and County of Philadelphia.** Philadelphia, Bureau of Municipal Research, 1944. 76 pp.

**Debts—Taxes—Assessments.** Chicago, The Civic Federation, June 1944. 24 pp.

**The Taxation of Intangibles in Missouri and Other States.** St. Louis, Governmental Research Institute, June 1944. 103 pp.

### **Citizen Action**

*Edited by Elsie S. Parker*

## **Portland City Club Stresses Research**

### *Section Committees Study, Report on Public Problems*

PRESIDENT C. B. Stephenson of the **Portland (Oregon) City Club** has announced the appointment of 1944-1945 research chairmen. Led by Dr. Blair Stewart, first vice-president of the City Club and its director of research, five-minute talks have been given at the City Club's weekly luncheons, one each week, by these section chairmen on their respective subjects. Topics include planning and public works, public utilities, education and recreation, social welfare, government organization, taxation and public finance, public safety, public health and legislation and elections. Two sections created temporarily in 1942 to serve wartime emergencies—postwar planning and civilian defense—have been dissolved.

"No Man Is an 'Island'" was the subject of Dr. Stewart's talk on "the joint study of community problems as a contribution of responsible citizenship." Dr. Stewart commented:

"The citizen who recognizes the duty—or better the necessity—of responsible participation in public affairs is confronted by a most formidable task. The complexities of modern life are so great, the pertinent facts are so hard to obtain, and the pressures of interested groups are so strong, that no individual can hope unaided to make the investigations upon which his actions as a citizen should be based.

"It is at this point that the City



Club makes its unique contribution. By banding together a considerable number of men whose common interest is to carry out effectively the role of responsible citizenship through the unbiased considerations of facts having to do with civic proceedings, it is possible to obtain results which no man could achieve alone. Through the organization of research committees, which, by division of labor, can find the facts and appraise proposed courses of action without prejudice, each member has a firmer foundation on which to rest his decisions. Not only the members, in fact, but non-members as well, may use the published reports as the basis for informed participation in community life."

The annual report of the club's secretary speaks of the interest which citizens not only in Portland but elsewhere have evinced in the work of the club's research committees. Nearly 1,500 copies of the "Moses plan" report<sup>1</sup> were circulated, about 600 of them to persons outside the northwest region by special request. Says the report:

"Chief function of the City Club has long been the study of civic problems. The importance of research is today generally recognized as the bedrock of civic planning and action. Organized studies carried on by an unbiased group of thinking citizens provide an effective and democratic means of projecting constructive ideas upon the community. During its 28 years the City Club has conducted many such studies which later stimulated action for the ultimate good of the community. It is felt that the club has an increasing responsibility in this respect."

<sup>1</sup>See "Financing Portland's Improvement Program," NATIONAL MUNICIPAL REVIEW, February 1944, p. 103; also p. 430, this issue.

### ***Bringing State Government to the Citizen***

Something new in bringing state government in closer touch with the people has been accomplished by the **Scranton Chamber of Commerce**. On July 13 it sponsored the visit of Governor Edward Martin and the 28 members of his Cabinet to Scranton for a full day's round of conferences and discussions of problems affecting the populous area of northeastern Pennsylvania. It was the first gubernatorial cabinet meeting ever held in Scranton.

One of the features of the day was a series of conferences with cabinet members in charge of commerce, industry, mining, agriculture, insurance, law, education, health, forests and waters, banking, labor, welfare, public assistance, public safety, highways, revenue, civilian defense, internal affairs and military affairs. Sessions were attended by individuals and representatives of groups interested in particular branches of state government.

One development of the conference was a meeting of representatives of seven surrounding counties which resulted in the formation of a Northeastern Pennsylvania Conference.

Governor Martin and his party arrived late the day previous to the conference. In the morning an informal breakfast was held for the guests with the sponsoring chairmen and the reception committee. Later a regular cabinet meeting was held at the Chamber of Commerce Building. At noon a luncheon meeting was held at the Masonic Temple Auditorium at which Governor Martin was the principal speaker. Judge M. J. Eagen spoke on behalf of the area. The meeting was attended by 900, the largest noon-day meeting ever held in northeastern Pennsylvania. The day's program was concluded with a public reception for

the Governor and other state officials in the lounge of the Chamber of Commerce Building.

RAYMOND B. GIBBS,  
*General Secretary*

Scranton Chamber of Commerce

### ***Women Voters Conduct Vote Campaign***

"No vacations for many of us at League headquarters," said Mrs. Walter Neale, president of the **New York City League of Women Voters**, just prior to primary day on August 1.

One of the chief occupations of those on duty is answering the telephone, which rings continuously. Because nine times out of ten it is a woman who wants to know how she can obtain a ballot application for her son in the service—and believing that the soldier vote should be encouraged—the League's chairman of election activities, Mrs. Maxwell Lewis, has compiled kits containing simple explanations of the voting laws of the 48 states. These have been distributed at busy canteen centers.

The League received active cooperation from department stores, hotel owners, etc., in its campaign to get out the vote for the primary.

The Fifth Avenue windows of Lord and Taylor showed life-sized tableaux of homemakers at work as the backdrop for posters bearing such messages as "Your vote is part of the care you give your children" and "Your ballot has the power to elect the Congress you want, to decide the peace you want." To those who could not vote because they had not registered a sign admonishes, "Don't let it happen again." A chain-store scene attracted much attention. "Your vote is part of the shopping you do for your family," read its message.

James J. McCarthy, executive secretary of the Hotel Association of New

York City, requested his member hotels to place League posters and fliers in bars and cocktail lounges which, under New York law, serve no drinks while the polls are open. "You can't drink from 3 to 10 P.M. today, but you can vote," read one of these signs.

### ***Fifteen Points for Revamping the Legislature***

The **Citizens Union of New York City** has submitted to the recently created New York State Joint Legislative Committee on Legislative Methods, Practices, Procedures and Expenditures fifteen suggestions for improving the legislative process. Among them are recommendations for a legislative council, a permanent all-year legislative research and bill-drafting staff, and a secretary of the legislature who would have full administrative responsibility for the employment and direction of legislative assistants and the discharge of all legislative business functions which are not turned over to other state agencies.

Other recommendations include: Continuation of Assembly committees until the end of the session, as in the Senate; continuance of each house for one week after ceasing to act on its own bills in order to act on bills passed by the other; required committee reports in each house on all bills passed by the other; required committee reports in each house on all bills requested by petition of one-third of the members; joint committee meetings of the two houses to receive evidence on and also to discuss bills introduced in both houses; roll calls in committee on all bills referred to committees; electrical voting, as in ten other states, to expedite roll calls and make them more accurate; permitting joint introduction of bills by two or more members of the same house; per-

mitting joint introduction of the same bill in both houses; civil service for legislative assistants; use by the legislature of the state's regular purchasing and contracting agencies instead of maintenance of separate machinery of its own; a constitutional amendment to permit increased compensation for legislative leaders commensurate with their additional duties and an end to the subterfuges by which such compensation is now given illegally.

The union has also issued a memorandum recommending that the governor be given more time to consider bills passed by the legislature, both during the session and after adjournment, and that his power to veto items of appropriations which he did not himself propose be extended so that he can reduce items which he considers excessive instead of being forced to accept or reject them in their entirety.

## Here and There

### Postwar

The **City Club of Chicago** has issued *A Report on Public Works as an Element in Full Employment After the War*, prepared by its Committee on Postwar Planning and Progress. The report urges municipal, state and federal agencies to speed up planning now for the construction and financing of public works projects "so as to have the plans available for supplementing private employment when necessary to prevent mass unemployment after the war is won." It stresses that projects should be limited to those which are socially useful, ordinarily executed as public works and which can be used in an emergency.

The **Minnesota Taxpayers Association** is in process of securing estimates of postwar projects from county, school and municipal officials. It has issued a pamphlet containing a warning on

planning ahead and suggesting that each project should be subjected by local people to certain acid tests: (1) to make certain that long-term benefits will accrue to the community; (2) to avoid as far as possible unmanageable financial commitments; and (3) to measure the effect of the proposed action on the ultimate tax load and debt obligation of the community affected.

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### Membership

For the first time in recent years, and probably for the first time in its 34 years' history, states the *Seattle Municipal News*, the **Seattle Municipal League** has passed the 2,000 mark in membership. "Passing the 2,000 membership mark is a milestone in league progress," said Harry J. Markey, recently elected for a third term as the organization's president. "It clearly indicates a growing interest and confidence among Seattle citizens in the League's work."

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### Radio

"The Taxpayers Meeting of the Air," a weekly radio feature sponsored by the **New Jersey Taxpayers Association**, will start October 3. News, views and comments on government and taxation will feature the broadcasts. Blanks on which questions relating to taxation and governmental practices may be submitted have been mailed throughout the state, the questions to be answered on the air.

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### Voting

"It is your job to decide what you want city council and the rest of the municipal government to do and direct them in doing it," says the **Philadelphia Committee of Seventy** to the voters. The committee offers a booklet, *How Your Vote Works*, to those who would learn how to do their part in



helping secure efficiency and economy in local government.

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### Elections

"Elections are the seed time of democracy. Both the quality and quantity of the harvest are dependent largely on what we do or do not do at this time. If we accept and fulfill our full obligations and duties and assume the responsibilities which are inseparably connected with the precious rights and privileges of liberty we will be worthy heirs of the founding fathers."

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### Directories

Organizations issuing voters' directories prior to recent primaries include: the **Minneapolis Research Bureau** (affiliate of the Minneapolis Civic Council), **Oakland (Michigan) Citizens League**, **Civic Club of Allegheny County (Pittsburgh)**, **Seattle Municipal League**, **Springfield (Mass.) Taxpayers' Association**, **Detroit Citizens League**, **Citizens Union of the City of New York**.

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### Strictly Personal

**C. A. Crosser**, newly-elected executive secretary of the Seattle Municipal League, has been elected a member of the council of the National Civil Service Reform League.

**John H. Mahoney**, director of the Worcester Taxpayers Association and secretary and member of the Board of Directors of the Massachusetts Federation of Taxpayers Associations, has been elected chairman of the Tax Research Round Table of the New England Council.

**M. W. DeWees**, formerly executive secretary of the Duluth Governmental Research Bureau, is now executive director of the New Haven Taxpayers Research Council (formerly New Haven Taxpayers, Inc.) succeeding **Paul B. Wilcox**, resigned.

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## Proportional Representation

*Edited by George H. Hallett, Jr.*  
(This department is successor to the Proportional Representation Review)

## 35 Years of P. R. in Sweden

### *P. R. Blocked for Britain Planning for the Peace*

EDITOR'S NOTE.—The following significant account of the experience of Sweden with proportional representation—a party list system—and the parliamentary practices that have evolved under it is taken from the British Proportional Representation Society's account of its annual meeting, held in London, June 20, 1944. It is a summary of an address by Vilgot Hammarling, press attaché of the Swedish Legation in London. The views expressed are personal, not official.

**P. R.** WAS introduced in Sweden in 1909. The change was accompanied by an extension of the franchise. The proportion of male electors voting (only for these can a comparison be made) has been higher after P. R. In other words, the political interest of the electorate has become more active.

Before examining the influence of our voting system on government I ought to state that although P. R. is generally accepted there are still some opponents. A Stockholm journal suggested that a re-introduction of the majority system would automatically induce personalities to come forward. We used to hear such arguments 20 or 30 years ago. I thought they had been given up as dead. In the elections of other countries that use the majority system I have again and again seen outstanding political personalities defeated.

But in addition there has been a certain amount of honest controversy. A small section of old-school Liberals have taken British parliamentarianism so much as their example that they are

unwilling to give up any one of its elements—including the method of voting. The attitude of these old Liberals has never ceased to astonish me. For it is hard to see that there would be much room for a Liberal party in a parliament elected under the majority system. The Labor party would have anything between 180 and 200 seats out of 230.

The Labor party, however, does not want an overwhelming majority which does not correspond with their strength in the country. What they want, and I believe that their attitude is that of other parties, is to share the work and responsibility with as many of the other parties as possible. I believe that we are moving in the direction of government not by majority—or at least not by majority alone—but of government by consultation and agreement. For this P.R.—we have had it for 35 years—provides a practical basis; it maintains a reasonable share of representation for the minority parties.

There are features of Swedish parliamentary procedure which favor development in the direction I have indicated. One is our parliamentary committee system. Every government bill or private member's motion has to be referred to one of these committees. *These are appointed on a proportional basis.* An immense amount of work is carried through, many things being settled by agreement.

It is not always possible to reach an agreed solution. When principle stands against principle the majority has to decide. But in the course of these debates, conducted on a more intimate plane, party antagonism tends to be softened.

During the war Sweden has had a National Coalition: it includes the Labor party (in the majority), Conservatives, Liberals and Farmers, leaving outside only the small Communist

party. This government has functioned like a glorified parliamentary committee—the parallel has been repeatedly drawn. And there have been representative expressions of opinion in favor of continuing the experiment after the war. This may not be done immediately, but it is in the line of political development.

Of course, you cannot carry on deliberations without differences of opinion, and if the political system is to remain healthy you cannot suppress these differences. Recently two members of the Cabinet spoke against a measure which received the blessing of the Prime Minister in the same debate, and which was carried by an overwhelming majority, without anyone seriously demanding that the ministers in question should resign. Nor is the government too much upset if one of its proposals is amended, even considerably, by the Riksdag. The parliamentary purists are shocked, but nobody else greatly worries.

I would be reluctant to draw conclusions for other countries. Conditions in Sweden have been exceptionally favorable. But in countries not so fortunately placed it is of even greater importance to bridge over differences, and generally to find the means of acting in harmony instead of perfecting the instruments of political warfare. In the coming rebuilding of Europe I can see that this will be a matter of very great urgency.

### ***The British Society's Annual Meeting***

The British Proportional Representation Society held its annual meeting in London June 20 on the heels of a great disappointment, the failure of the Speaker's Conference, recently appointed to consider the method of selection of the House of Commons, to recommend any basic change in method.

The conference, consisting of members of Parliament belonging to all parties, listened to an able presentation of the case for P. R. by John H. Humphreys, secretary of the P. R. Society, and the proposal was vigorously championed by a minority of the Conference's own members, including T. Edmund Harvey, independent member for the Combined English Universities and chairman of the P. R. Society's executive committee, but the majority contented itself with recommending a reapportionment of districts under the present plan. The conference did agree to the continuance of P. R. for university members, for whose election it has been used since 1918.

The P. R. Society unanimously adopted a resolution regretting the decision of the Speaker's Conference, pointing out that a redistribution of seats was no guarantee against grossly unrepresentative results, and calling upon all who believe in fair representation to intensify their activities.

The meeting was presided over by the society's vice-president, Sir John N. Barran, and addressed by Mr. Humphreys, Mr. Harvey, Sir Leslie Boyce, Conservative M. P. for Gloucester, Vilgot Hammarling of Sweden, whose remarks have been quoted earlier in this department, and Dr. Roy Peel of the University of Indiana, speaking as a representative of the National Municipal League. Cabled greetings were read from Wilson M. Southam, editor of the *Ottawa Citizen*.

The meeting itself cabled greetings to proportionalists in Canada, Australia, New Zealand and the United States. The cable received at the office of the National Municipal League was as follows:

Proportional Representation Society annual meeting sends greetings fellow reformers United States. Society deplores speakers conference

anti-democratic decisions, pledges itself intensify activities until victory won. Roy Peel spoke.

### **Problems of the Postwar World**

EDITOR'S NOTE.—In November and December, 1943, the New York *Free World* carried articles on "The Election of Parliaments" and "The Formation of Governments" by John H. Humphreys, secretary of the British Proportional Representation Society,<sup>1</sup> which have now been revised and reprinted by the society as P. R. Pamphlet No. 89, entitled *Two Problems of the Post-War Democratic World*, with a foreword by T. Edmund Harvey, M.P. They have also been reprinted for circulation in Canada and the United States by William M. Southam, Editor of *The Citizen*, Ottawa, Ontario. We commend the articles to all students of these problems and quote here the following significant excerpts:

Mr. Churchill, speaking to Congress in December 1941, said: "I am a child of the House of Commons. I was brought up in my father's house to believe in democracy. . . . Therefore I have been in harmony all my life with the tides which have flowed on both sides of the Atlantic against privilege and monopoly, and I have steered confidently towards the Gettysburg ideal of 'the government of the people, by the people, for the people.'"

This Gettysburg ideal does not imply government by part of the people; it implies government by the whole; and this ideal is attained naturally and easily in the smallest of the democracies. The town meeting by which so many of the townships of New England were governed was an assembly in the discussions and decisions of which all citizens were entitled to take part. In larger communities political democracy takes the form of citizens electing

<sup>1</sup>82 Victoria Street, Westminster S.W. 1, London.



representatives to speak and act on their behalf. But does not the Gettysburg ideal equally apply? Should not the method of election be such as will enable, as far as is reasonably practicable, all citizens to be represented? . . .

An electoral law that suppresses the representation of great bodies of citizens or denies to them a full measure of freedom acts like a dictator. . . .

After the war it will be of the utmost importance that there should be the greatest measure of agreement between the United Nations. In their general outlook on human affairs all the peoples have much in common, but there are also differences of view. These differences may be a very serious cause of friction if the electoral law exaggerates them, distorting the true expression of opinion, say, in one direction in the United States and in the opposite direction in Great Britain.

According to a report presented by a Committee of the United States Senate of 1869, one of the factors making for the civil war was the exaggeration, created by the electoral system, of the differences between north and south. "The absence," declared the report, "of this vote [proportional representation] in the states of the south when rebellion was plotted, and when open steps were taken to break the union, was unfortunate, for it would have held the union men of those states together and have given them voice in the electoral colleges and in Congress. . . . Their leaders were struck down at unjust elections and could not speak for them or act for them in their own states or at the capital of the nation."<sup>1</sup>

The solidity of the south, and it still remains "solid," was a product of the method of election; it constitutes a

warning. The true representation of opinion in the parliaments of the United Nations would be a trustworthy guarantee against exaggeration of differences; it would promote continued cooperation, based on mutual understanding.

But apart from this general consideration, some practical problems will arise immediately after the war. Should representation at the peace conferences be confined to delegates from the parties that happen to be in a majority? Should Great Britain be represented by Conservatives only, Canada by Liberals, Australia by Labor, and India by members of the Congress party? Possibly one cause of the failure of the United States to join the League of Nations in 1919 was the omission of President Wilson to take with him to the Peace Conference of Paris a delegation representative of both parties in the Senate. . . .

### New Constitutions

After the war several European countries will need new constitutions. What form should the democratic government of Italy take? How shall Yugoslavia be governed? In the round table discussions on the future of Italy and on the future of the Balkans, organized by the American Free World Association, preference was indicated for federal solutions. . . .

Should the different regions comprised in a federation have regard only to regional interests? It will be far better that the ideas and aspirations that are common to all, and that cut across their frontiers, should find due expression among the representatives elected by each region. In the Federal Assembly of Switzerland there is fair and complete representation of opinion for each canton. In the Italian-speaking Canton of Ticino proportional representation has been in continuous use since 1891, that is, for 53 years. Just

<sup>1</sup>Senate Report, 40th Congress, 3rd Session. Representative Committee No. 271. March 1869.

representation was adopted because the unfair results of the elections of 1889 had given rise to serious disturbances. Justice gave peace. Subsequently the proportional system spread to other cantons. Finally in 1918 it was adopted for the federal elections. . . .

The creation of fully representative constitution-making bodies would relieve the allied nations of responsibility and also from any charges of partisanship: the new constitutions would have been framed by the peoples themselves.

The Teheran manifesto, signed by President Roosevelt, Prime Minister Churchill and Marshal Stalin, stated that: "We shall seek the cooperation and the active participation of all nations, large and small, whose peoples in heart and mind are dedicated to the elimination of slavery, oppression and intolerance. . . . We shall welcome them as they may choose to come into a world family of democratic nations."<sup>2</sup> This new world organization will doubtless require the framing of a constitution, in which provision may have to be made for the election of a smaller body similar to that of the Council of the League of Nations. The method of electing the Council of the League of Nations gave rise to serious suspicions of unfair bargainings for votes; and Viscount Cecil gave voice to the widely entertained dissatisfaction. To remove such suspicions, and to give to the smaller nations the right of independent representation, the government of Norway proposed that the single transferable vote form of proportional representation should be applied to elections of the Council of the League.<sup>3</sup> . . .

Man is competent to deal with any problem in government that a free

and just system of election involves. . . . The application of justice to representation marks one advance in the evolution of government: from this new level man sees new peaks in front of him; they can be climbed.

Sweden has used a proportional system for more than 30 years. For some years the government has consisted of more than one party. Today, Labor has an absolute majority in both Houses of Parliament. Nevertheless, Labor has maintained the principle of cooperation between parties as the basis of the nation's government. Herr Hansson, the Swedish Prime Minister, takes this view: "I find that I can work as Prime Minister with Conservatives and Socialists who have the common interest of the whole nation at heart. In this sense I believe that all governments of democratic countries should try to be national governments." . . .

The war will leave behind it in many countries widespread feelings of hatred and passion. They should not be permitted to dominate the postwar elections. The note of reason may be voiced by a minority only, but this should be able to play its part. Methods of election based upon freedom and justice will assure to such minorities their due place in the parliaments of the world. Statesmen, political parties, students of political science, should join forces in establishing methods of election that will provide a guarantee that reason and reasonableness shall make a full contribution towards the fashioning of the future governments of man.

### ***Report on Cincinnati***

Readers of this department will be interested in the significant survey of eighteen years of P.R. and city manager government in Cincinnati by Thomas H. and Doris D. Reed, reported on pages 376-385 of this issue.

<sup>2</sup>The [London] *Times*, December 7, 1943.

<sup>3</sup>League of Nations Papers. C. 654. 1926. VII. Geneva, December 1, 1926.

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## County and Township

*Edited by Elwyn A. Mauck*

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### County Postwar Plans Aided by Questionnaires

#### *Tennessee and Iowa Counties Plan for Community Future*

SEVERAL counties in Tennessee are considering plans for the employment of war veterans in the postwar period. The Marshall County Postwar Planning Organization has prepared "postwar work file" questionnaires for distribution to urban householders, stores and offices, manufacturers, and farmers. These questionnaires or check-lists will reveal the magnitude of postwar demands for goods and services and the approximate number of jobs that will be available. Distribution of the questionnaire is being followed by a door-to-door canvass to secure better coverage.

In Crockett and Gibson Counties, local members of the Committee for Economic Development have met to discuss prospects for full employment in their counties after the war. They decided that inducements for new industry were not needed, but that careful management and expansion of their existing farming economy held the best potentialities for meeting postwar problems.

#### **Iowa County Survey**

The Hamilton County, Iowa, Postwar Planning Board has undertaken a survey to discover what proportion of the county's 2,200 men and women in military service plan to return to their homes after the war and what occupations they intend to pursue.

The survey is one of several being

made by the board on problems that will arise with the coming of peace. It is undertaken by means of questionnaires sent to servicemen and women asking for significant information such as the person's occupation before the war, his plans regarding the resumption of his old job, his expectation of returning to the county, plans to continue his education, specialized training he has received, and his general postwar plans. He is asked also to keep the planning board advised of any change in plans and is urged to make comments and suggestions on this method of postwar planning.

#### **Many Replies Received**

Of the first 400 questionnaires sent, more than one-fourth have been answered. Ninety-one men intend to return to Hamilton County, 72 expect to resume former positions, and 33 indicated they planned to continue their education.

To supplement this survey, the board undertook farm and industrial surveys to discover employment opportunities in the county for returning servicemen and women. Of the 415 answering a farm questionnaire, 42 farmers plan to quit farming after the war and 364 expect to continue. Seventy-eight farmers stated they had sons or relatives in service who would return to farming after the war, and one-fourth of the farmers intend to purchase land or make extensive improvements. Many answered they would need more help.

The six industries of Webster City replied that they expected to retain their present number of employees after the war, and three stated that they planned expansion or remodeling of their plants. No statistics were gathered on postwar prospects in wholesale, retail and service firms.



### ***New Jersey Counties Reduce Debt***

A report issued by the New Jersey Taxpayers Association reveals that county debt of the entire state has been reduced from \$28.00 to \$23.96 per capita in the years 1941 to 1943. It contrasts this debt burden with the federal per capita debt of \$1,016.01 for 1943. The report states: "If reductions continue at the rate of the last few years, the time may come when county net debt will be completely wiped off the books."

### ***County Planning Develops in Tennessee***

Seven county planning commissions are now operating in Tennessee, according to a recent issue of *Tennessee Government*, published by the University of Tennessee Governmental Reference Service. In addition planning commissions have been established for the regions surrounding Jefferson City, Kingsport, Johnson City, Dayton, Lenoir City, and Spring City. The final aim of regional planning in Tennessee, says the publication, must be extension of the jurisdiction of regional planning commissions until the whole state is served.

### ***Montgomery County Campaigns for Manager Charter***

The campaign for a county manager charter in Montgomery County, Maryland, is progressing. The Montgomery County Charter Committee which is sponsoring the charter has effectively organized itself down to the precincts and has issued a campaign manual and other literature for distribution to the voters. Although suburban papers are against the charter, prevailing local sentiment seems behind the reform,

and prospects for its adoption at the November 7 election are considered good.

### ***War Affects Pennsylvania County Expenditures***

The Pennsylvania Department of Internal Affairs, in a recent issue of its *Monthly Bulletin*, describes the divergent trends of county expenditures resulting primarily from the impact of the war. The costs of some functions have risen and decreased to a considerable extent for others, but the net change for the total of all counties has been an appreciable increase in expenditures.

Substantial decrease in bonded indebtedness and postponement of capital expenditure have resulted in reduction of interest costs. Highway maintenance and repair have been curtailed to a minimum because material and manpower have not been available, thus reducing highway costs drastically. Welfare costs have dropped because of a lesser number of welfare clients, state assumption of this obligation, and the establishment of institution districts not dependent upon general county revenues.

Administrative costs have risen substantially as a result of higher labor costs and higher prices of material purchased. Expenditures for correctional purposes have increased primarily because of the development of juvenile delinquency, but the increased cost of maintaining all institutional occupants has been another significant factor.

Finally, there are several new functions of counties that increase expenditures. Civilian defense, food and commodity relief plans, employee retirement systems, and military contributions have added substantially to the total cost of county government in Pennsylvania.

## Taxation and Finance

*Edited by Wade S. Smith*

### Planning Progresses for Postwar Works

#### *Civil Engineers' Committee Lists Projects Ready for Bids*

A GOAL of \$15,000,000,000 of postwar works planned, ready for bids by July 1, 1945, has been set by the Committee on Postwar Construction of the American Society of Civil Engineers. Of this sum, \$10,000,000,000 is estimated to cover civil engineering construction and \$5,000,000,000 to cover so-called non-engineered work such as maintenance, housing built by hand-craft methods and other light construction.

To July 7, 1944, the committee was able to list plans for \$3,259,000,000<sup>1</sup> toward the \$10,000,000,000 construction goal. Some \$11,423,000,000 of proposed work had been reported, however, the difference between the proposed and the planned totals representing work for which designs had not yet been started.

Of the \$3,259,000,000 planned construction work, \$111,870,000 was for private projects. The remainder, \$3,147,640,000 was for public works projects. The public works were reported by the committee in summary form as follows:

Waterworks	\$299,676,000
Sewerage	318,177,000
Roads and Streets	749,589,000
Bridges	334,655,000
Earthwork	589,703,000
Buildings	523,908,000
Unclassified	401,932,000
<b>Total</b>	<b>\$3,147,640,000</b>

<sup>1</sup>The society's August 9, 1944, summary, received as we go to press, lists \$3,506,493,000 projects planned. EDITOR.

Including the negligible construction value of private projects, the work planned varied greatly from state to state. New York State, which has provided matching funds for its local units for design work, was the leader with plans for \$781,194,000. Second was California which in June provided a \$10,000,000 fund for state assistance to cities and counties for postwar planning and showed plans for \$464,314,000. Third was Ohio with \$385,760,000, Texas was fourth with \$295,149,000, and the fifth—and only other state to exceed \$100,000,000—was Washington with \$111,228,000. Eight states had no planned work reported. They were Alabama, Arizona, Delaware, Idaho, Kentucky, New Mexico, West Virginia, and Wyoming. Eight other states, while reporting planned public works, had nothing apparently to report in the way of planned private works. They were Florida, Nevada, North Dakota, South Carolina, South Dakota, Utah, Vermont, and Virginia.

#### *Albany Official Gets Louisville Award*

The 1944 awards of the Louisville medals, given for outstanding achievements in the field of governmental financial administration in 1943, were announced late in June in connection with the annual conference of the Municipal Finance Officers Association in Cleveland.

The gold medal was awarded to Joseph W. Felock, business manager of the Department of Welfare of Albany, New York, for the development of a manual of relief issuance and accounting procedures. The silver medal went to Perry W. Rodman, comptroller of the city of Bridgeport, Connecticut, who adapted punch card machines to approximately fifty different uses.

Achievement awards, given for ac-

complishments by a municipality or group of officials, went to Lansing, Michigan, and McKeesport, Pennsylvania. The former modernized and revised its financial practices and procedures, while the latter was commended for continued improvement in its fiscal practices over a term of years including 1943. Honorable mention went to Frederick W. Krupp, accountant in the office of the city comptroller of Detroit, for a report dealing with the financing of housing projects in that city.

The judges were Welles A. Gray, of the United States Chamber of Commerce, Henry L. Shattuck, lawyer and member of the Massachusetts legislature, and P. H. Elwell, of the University of Wisconsin.

### ***Portland Voters Approve Public Works Program***

Seven months after Robert Moses and his staff of engineers submitted their report on Portland improvements to the governing bodies of the Portland area,<sup>1</sup> the people of Portland voted three bond issues and a special tax levy providing a total of \$24,000,000 to be expended for postwar public works in line with the Moses report.

Each one of the local governments, excepting the Port Authority of Portland which already has bond issuing power, went to the people with a request for bond issues or a special levy ranging from \$3,000,000 to \$12,000,000. These provide for approximately one-third of the amount recommended by the whole report of the Moses group. Plans are already under way to provide for the submission of additional financing proposals to the people in November.

When the Moses report was submit-

ted to the local governments of the Portland area, the Portland Area Postwar Development Committee determined that this report should not be merely another report to collect dust on library shelves. This committee worked closely with the local governmental agencies involved and encouraged them to select those parts of the program as outlined by the Moses report which were least controversial and which took the least cooperation between the various governmental agencies.

The city council of Portland found that the city contribution to the total program was fairly closely tied up with state and federal money with the exception of the sewage disposal plant. Therefore, a \$12,000,000 bond issue for intercepting sewers and a sewage disposal plant was submitted to the people. The dock commission in turn asked for \$3,000,000 to rebuild and expand harbor and dock facilities. The school district requested a special tax levy of \$1,000,000 per year for five years to repair and replace school buildings, indoor and outdoor equipment and supplies which are badly in need of improvements. Multnomah County requested approval for a \$4,000,000 bond issue for the construction of county roads and bridges.

When the four local governmental agencies had decided upon these projects, the Portland Area Postwar Development Committee organized a promotional campaign in an attempt to get a favorable vote so that Portland would be at least partially prepared to meet the need for public works construction during the period of reconversion to peacetime industry.

Local papers were all in favor of the projects and gave considerable editorial space in behalf of the projects. Each of the two major papers in Portland assigned a reporter to cover the

<sup>1</sup>See "Financing Portland's Improvement Program," NATIONAL MUNICIPAL REVIEW, February 1944, p. 103.



work of the development committee and give reviews of the various speakers on the subject. The public relations committee reported that there was complete cooperation on the part of everyone asked for assistance in the campaign.

The Portland City Club appointed research committees to investigate the four financing proposals. The committees reported favorably on the dock and school proposals, adversely on the county bond issue because of indefinite wording and split on the sewage disposal bond issue because of the lack of definite engineering data on which to base an estimate of total cost. At a mass meeting of the membership at which the committee reports were submitted, however, members took the position that the four proposals should be considered as a whole and that administrative officials in each case should be given considerable discretion in exercising control over the funds if approved. When the vote of the members was taken, all four measures were approved by a considerable majority.

At the primary election on May 19 the voters of the entire area likewise gave each proposal a considerable majority. This favorable vote is considered to be a vote of confidence both in the future of the city of Portland and in the officials who originally employed the Moses group and who will administer the postwar public works program. Additional study and co-operative effort is being undertaken at the present time to determine what additional financing proposals can be submitted to the voters in November.

HOWARD R. ENNOR

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### ***City Income Tax Abandoned***

The city of Fort Myers, Florida, which earlier this year decided to give

a 60-day trial to a municipal gross income tax, substituted a comprehensive system of occupational licenses.

The income tax was expected to produce around \$150,000 annually. Levied at the rate of one-half of one per cent on the gross receipts of every individual, firm and corporation in the city, the first month saw returns by only 79 firms which paid a total tax of \$1,990. The tax will be refunded.

It is said that the gross income tax principle is retained in the occupation license now required from retail and wholesale businesses, which must pay—in addition to the license fee—\$20 and 60 cents respectively per \$1,000 of gross sales. Others will pay straight license fees, ranging from \$5 per year for bootblacks to \$1,500 for a theatre seating more than 1,000 persons.

### ***Sequel to the Kentucky State Budget Story***

The only important legislation needed to effectuate the Kentucky state budget for the two years beginning July 1, 1944, was the general appropriation bill. In the regular session of the general assembly, the Governor's supporters in the House of Representatives killed the measure which would have made appropriations for nearly all the agencies of the state.<sup>1</sup> Without further action with respect to general appropriations, the regular session was adjourned.

The Governor announced almost immediately that he would call a session to make appropriations for the support of education but that he would restrict the call to prevent other appropriations. After most of the school contracts for the ensuing year had been made, an extraordinary session was convened to provide for the sup-

<sup>1</sup>NATIONAL MUNICIPAL REVIEW, May 1944, p. 253.

port of common schools alone. After much delay and considerable dispute between the general assembly and the Governor—most of it not unseemly—the legislature unanimously passed a comprehensive appropriation measure providing more money by far than any previous administration has enjoyed and making it available on more favorable terms than has been customary during the two preceding administrations. Members were willing to risk having the appropriation declared unconstitutional as involving subject matter outside the scope of the Governor's call rather than pass a bill relating to elementary and secondary education alone.

In the light of the legislature's unopposed action, the Governor immediately convened a second special session which in four days enacted an identical bill with a repealer of the first one. Thus the question regarding constitutionality was seemingly disposed of. The final action was unanimous in the Senate and opposed by only one member of the House.

Kentuckians interested in sound budget practice and accustomed for some years to see the general appropriation bill passed under executive leadership early in the regular session are much concerned. Although there is a marked increase in the amount of money appropriated, there is little or no opposition to the appropriations actually made. There are, however, misgivings regarding the method by which the action has been taken in that, in a fundamental sense, provision for the support of governmental activities has been enacted in the face of gubernatorial opposition.

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## Local Affairs Abroad

*Edited by Edward W. Weidner*

### New Zealand Changes Local Election Law

#### *Taxpaying No Longer Needed As Qualification for Voting*

A SIGNIFICANT local government reform has taken place in New Zealand. The Local Elections and Polls Amendment Act, passed by Parliament in April, provides that the right to vote in local elections shall hereafter be based upon residence and not upon ratepaying. Anyone resident within a district for three months and meeting other voting qualifications—e.g., 21 years of age, one year's residence in New Zealand—is entitled to vote in county, road district, electric power district, harbor district, hospital district, and catchment district elections. The residential franchise was already in existence for urban areas.

Another blow to property qualifications for voting was contained in the same act. Ratepayers in counties and road districts whose rates are unpaid may now vote at local elections if they are residents of the district. Only non-resident delinquent ratepayers are now deprived of the vote. Defaulting ratepayers cannot, however, vote on loan or rating questions. Formerly, they were precluded from voting on all local questions and candidates.

But the "stake in the community" argument dies hard. Property owners may still vote in a district's local elections whether they reside there or not. Furthermore, in voting for the election of councillors, ratepayers can exercise one, two, or three votes in accordance with the valuation of their properties.

These changes in qualifications for

the vote were not accomplished without loud protest from New Zealand local authorities and others. Many of the protests were based upon the belief that the short time remaining before the elections would not give election officials time to complete a new roll. Some said that more time should be given to the consideration of the proposal while others condemned the bill because the Minister of Internal Affairs had promised in July 1943 that no contentious legislation as far as counties were concerned would be introduced until after the war.

### Official Objection

More fundamental was the objection of *Board and Council*, official organ of New Zealand local authorities, which editorialized: "There is a distinct difference between local government in the rural districts and that of municipal government. The municipalities control a wide range of activities—sports grounds and halls, trams, gas, electricity, and the like—all of which are public utilities and therefore of interest and value to everybody. In the country areas, on the other hand, practically the whole burden of costs of local government falls on one section of the public, the ratepayers—the landholders, who pay directly for the cost of roads and bridges, river protection and other purposes. It is only right and just, then, that they should have control of the expenditure required. . . . What is now proposed is to deprive them of that right and endanger their position by permitting residents without any financial liability to vote on and perhaps control such expenditure. Such a proposal is barely different from that of allowing the general public the same privileges as those of the shareholders of a business concern."

One county council passed a resolution petitioning the government "to

enact legislation which will provide that all local body funds will be subscribed from sources other than rates on land so that all electors will shoulder the financial responsibility for providing the funds which all electors under a universal franchise will administer."

While some local authorities approved of the amendment as regards property qualifications, almost all of them vigorously denounced the new provision which permits employees of a local government to run for election to the governing board and retain their employment if elected. It was felt that employees should not be thus permitted to sit in judgment upon themselves.

Despite the residential franchise for local elections, there will still be separate electoral rolls for parliamentary and local elections, since a proposal to use the former rolls for local elections was defeated because it was considered "impractical." Enrollment of electors is compulsory in boroughs and town districts, enrollment in counties optional.

### Elections Postponed

Local elections in New Zealand are usually held every three years, and most local elections take place at the same time, the third Saturday in May. This year elections of some 700 local governing bodies were postponed a week because of the registration complications occasioned by the new law. Only 50 per cent of the enrolled voters actually voted. Yet the percentage of votes cast was not worse than in the 1941 election. *Board and Council* attributes some of this constant non-voting to the usual wintry weather in May and the fact that elections are held on Saturdays. Also a contributing factor is the lack of any provision for absentee voting, either by civilians or military personnel.



New Zealand laws permit parties to set up tables outside of polling booths for the purpose of distributing party tickets. Although many groups have deplored the role parties play in local elections, nothing has been done to minimize their influence.

Voters in this country who complain about our long ballot would find no relief if they moved to New Zealand. While the long ballot in the United States is primarily caused by electing numerous administrative and judicial officers, in New Zealand it is caused by numerous elective boards which administer one particular function, e.g., harbor, transport, drainage, hospital and power boards.

### **New Zealand Local Government Inquiry**

The New Zealand Parliament has set up a committee composed of eight government and six opposition members to inquire into the whole structure of local government, according to *Board and Council*. The New Zealand Counties' Association has decided to inform the government that it has no confidence in the committee established; it feels that it would be fatal to local government "if the future of such government lay in the hands of politicians alone."

The Association asks for "an independent commission which will make a full and unbiased investigation, and which will make the investigation in a manner far removed from party politics." Such an investigation, it believes, would prove most valuable to the country and the government.

One of the county councils has asked that a Royal Commission be established instead of having the investigation handled by a parliamentary committee. Most of the opposition to the appointed committee arose because of the way in which Parliament handled

the Local Elections and Polls Amendment bill (see page 432).

### **Ecuadorian Sees State Overshadowing City**

*Boletín*, published by the Panamerican Commission for Intermunicipal Cooperation, recently reprinted an article from *El Comercio*, a leading newspaper of Quito, Ecuador, in which the author, Miguel Albornoz, writing from New York, points out that in all American countries "the phenomenon of competition" between city and state or province exists, to the detriment of the city.

The author advocates more freedom for municipalities in choosing and administering their functions. After examining the multifold functions of New York City, he says that in this respect "New York City is an example of the enormous possibilities of a large municipality."

The Ecuadorian municipality, the author concludes, enjoys more freedom and power than the great majority of municipalities in other American countries because of the *cabildo ampliado* (amplified municipal council).

### **Panama Sets Up New Local Government Districts**

Another issue of *Boletín* gives information about the 1941 territorial division of the Republic of Panama. The country was divided into seven provinces, one territory, 36 districts, and 194 *corregimientos*. The *corregimientos* stipulated in the law are to be temporary only; when the provincial legislatures are organized they are to subdivide the districts into *corregimientos*, "taking into account the administrative requirements of each province."

The chief executive of the province is the governor; of the territory, the intendent; of the district, the mayor; of the *corregimiento*, the *corregidor*.

# Books in Review

**The Municipal Year Book 1944.** Edited by Clarence E. Ridley and Orin F. Nolting. Chicago 37, The International City Managers' Association, 1944. x, 646 pp. \$8.50.

Now in its second decade of publication, the *Municipal Year Book* continues to add new sections, bring regular features up to date, and remain the standard reference on facts of cities.

New material has been gathered on salaries of municipal officials, postwar planning, postwar reserves, finances, health, streets and refuse disposal. The *Year Book* again gives valuable data on the government of each of the 2,042 cities over 5,000 population: form of government, number of councilmen, with term of office and type of election, officials elected, utilities owned, area and population. It summarizes trends in municipal administration—personnel, finance and reporting—and municipal activities—welfare, health, housing, public works, utilities, police, fire, schools, recreation, libraries, law and courts. It contains a current directory of city officials.

When the task of compiling the material is performed as accurately and the data presented as accessibly as in the case of this *Year Book*, the product inevitably becomes a necessary reference for anyone wanting facts about cities.

EDWARD W. WEIDNER

**Budgeting: An Instrument of Planning and Management.** Edited by Catheryn Seckler-Hudson. To be published in seven units. Already issued: Unit I—**The Evolution of the Budgetary Concept in the Federal Government**, 230 pp., \$1.75; Unit III. **Wartime Budgeting, Including Federal-State-Local Fiscal Relations**. 94 pp., \$1; and Unit V. **Formulation of the Federal Budget and**

**the Appropriation of Funds**, 154 pp., \$1.50. Washington, D. C., School of Social Sciences and Public Affairs, The American University, 1944.

Citizens interested in governmental management in general and financial administration in particular cannot afford to miss this mimeographed collection of materials on budgeting. The contents of the three volumes (units) already published indicate that the editor, who has worked with collaboration from the United States Bureau of the Budget, is seeking to develop the general subject matter in such manner as to emphasize the general management functions of budgeting.

It is apparent, too, that she desires to make available discussions which hitherto have been largely unpublished. For example, a large proportion of the total space is occupied by materials drawn from addresses and other statements prepared by members of the Bureau staff. In addition, a goodly number of articles published in various places have been reprinted or abstracted. The author has also included in Unit I a working bibliography, emphasizing references to materials on national budgets, especially the budget of the United States.

Although there may be criticism of the mimeographing and there certainly will be differences of opinion as to what should have been included, it will be generally granted that the editorial task has been well performed. The critic should observe that the purpose is to present a particular policy viewpoint; that the plan contemplates drawing illustrative material from United States central government experience; and that therefore no effort has been made to give a general view of budgetary theory or practice. Notwithstanding these limitations, the student of state and local practice cannot



ignore the collection if he is to know his own problems and the theory bearing on them.

JAMES W. MARTIN

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**Production, Jobs and Taxes.** Post-war Revision of the Federal Tax System to Help Achieve Higher Production and More Jobs. By Harold M. Groves. New York, McGraw-Hill Book Company, 1944. xv, 116 pp. \$1.25.

This is the first of two monographs on taxation prepared by Professor Groves for the Committee for Economic Development. The present volume is restricted to a consideration of federal tax policies; the second will cover federal, state and local taxation.

Something of the scope of this provocative little volume may be gathered from a summary of the author's main conclusions. In order to provide adequate business incentives as well as to insure fairness and adequacy of revenue, Professor Groves recommends a postwar federal tax structure with the personal income tax as the "mainstay," elimination of duplication in corporate and personal income taxes by "confining the corporation tax to a withholding levy on dividends and an advance payment on income retained by the corporation for reinvestment" and repeal of the excess-profits and declared-value capital-stock excess-profits taxes. Federal sales taxes "are to be discouraged" while death taxes should be strengthened. A carry-over of at least six years for net business losses, moderation in upper and middle surtax income tax rates, abolition of tax exemption of income from government securities, and some mitigation of the discrimination against recipients of fluctuating income are suggested.

The freshness of Professor Groves'

approach to these problems suggests that it is well worth looking forward to the second volume of the series.

E. W. W.

## Additional Books and Pamphlets

### *Peace*

**The Peace We Want.** Community Activity and Discussion Guide. New York 18, Commission to Study the Organization of Peace, 1944. 20 pp. 10 cents.

### *Planning*

**Primers, Manuals, and Elementary Works on Planning.** A Selected Bibliography. Chicago, American Society of Planning Officials, 1944 (revised). 3 pp. 10 cents.

### *Public Administration*

**Case Reports in Public Administration** (Nos. 80-100). By Committee on Public Administration of the Social Science Research Council. Chicago, Public Administration Service, 1944. Variouslly paged. 10 cents per report.

### *Taxation and Finance*

**Municipal Financial Problems—1944.** Chicago, The Municipal Finance Officers Association of the United States and Canada, *Municipal Finance*, May 1944. 32 pp.

**State Tax Collections 1943.** Washington, D. C., Bureau of the Census, U. S. Department of Commerce, 1944. 42 pp.

**City of Milwaukee Proposed Six-Year Program of Public Improvements 1944-1949.** Submitted to the Common Council November 27, 1943, by the Long Term Improvement Program Technical Committee. Milwaukee, 1944. 95 pp.

### *War Memorials*

**War Memorials.** A Bibliography. By Katherine McNamara. Cambridge, Library of the Departments of Landscape Architecture and Regional Planning, Harvard University, 1944. 5 pp.